# FINANCIAL TIMES



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**Mykonos** 

Money versus beauty



**Gene hunting** 

Surf the net, tive the world Truong Tan Sang

Vietnam's high-flyer

reductions, though it would

not involve further cuts in

Medicare - health insurance

for the elderly - social security

would not jeopardise budget

balance: "Deficit reduction is

or defence spending. Mr Dole insisted his plan

http://www.FT.com

TUESDAY AUGUST 6 1996

## EU poised to quit Dole proposes \$5486n in tax cuts refuse to move

4

The European Union was last night on the brink of abandoning its two-year mission to re-unify the town of Mostar after Croats refused to accept the results of city elections which they lost to their Bosnian Moslem rivals. Interna-tional mediator Carl Bildt said the EU should not make any concessions: "We are not in the deadline extension business. It is a matter of principle and we cannot give in." Page 12; Editorial Comment, Page 11

UBS raises income by a third: Union Bank of Switzerland, the country's biggest banking group, increased first-half net income by a third to SFrl.1bn (\$920.3m) with a surge in profits from its trading and investment banking operations. Page 13; Lex, Page 12; World stocks,

Strong air traffic growth forecast: Passenger traffic on Europe's big airlines is expected to grow by 6.4 per cent a year for five years, marginally up on long-term forecasts, the Association of European Airlines said. Page 2

Turkish army expels Moslems: The strongly secular Turkish army expelled 13 soldiers for "reactionary activities", a euphemism for propagating Islamic fundamentalism in the

Poarson sells Westminster Press: Information, publishing and entertainment group Pearson announced the sale of its Westminster Press newspaper business to Newsquest Media Group, backed by US financiers Kohlberg Kravis Roberts, for £305m (\$476m). Page 13; Details, Page 17; London stocks, Page 28

Austrians oppose Nato membership: A majority of Austrians is opposed to joining Nato, but thinks it will happen anyway, a poll in the Vienna daily Der Standard shows.

**HSBC first-half profits climb:** City analysts upgraded their forecasts for HSBC after the international banking group raised first-half profits by more than a third to £2.32bn (\$3.6bn). Page 18: London stocks, Page 28

Malaysia threatens import controls



The Malaysian governnent warned that aport controls might e imposed if a governent-sponsored volunary restraint scheme ailed to cut the coundeficit. Prime minister Mahathir Mohamad (left) said quotas and import permits might be introduced to curb

imports of non-essential goods. His warning comes as several east Asian countries, including Thailand and South Korea, are experiencing a slowdown in export growth rate this year after enjoying rapid expansion. Page 12

Beifast march re-routed: The Royal Ulster Constabulary re-routed a Protestant Apprentice Boys parade through Belfast, raising bopes that nationalists in Londonderry might drop objections to a bigger Londonderry march on the same day. Page 6

US Healthcare groups combine: Californian healthcare company PacifiCare Health Systems acquired FHP International, also of California, for \$2.1bn to create the US's fifth largest healthcare organisation. Page 13; Details, Page 16

Burma dismisses US economic report: Burma's military junta described as politically motivated a US report that Burma's economic growth had been widely overstated. Page 8; Burma hits back at European beer companies.

Buenos Aires mayor walks into row: Fernándo de la Rúa of Argentina's opposition Radical party today becomes the first elected mayor of Buenos Aires amid arguments over how much autonomy the capital should have.

Death penalty sought for Chun: South Korean prosecutors asked that former president Chun Doo-hwan be sentenced to death and his successor, Roh Tae-woo, receive life imprisonment for alleged sedition. Page 3

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Estonia BC7.22 Japan - Y500 Parietter CR15.05 Switz SF8.70
France FF11.50 Kaselk Fla.650 Portugel (milliant) Turkey L80,000 [
Garmeny DM44.60 Lobenon LLS.000 Es240 UAE Dh12.00 both economic growth in the US and his own flagging presidential election campaign. The long-awaited economic programme, subject of intense debate within Mr Dole's Republican party, calls for a 15 per cent across-the-board cut in income tax rates, a halving dominated by President Bill

Economic plan projects balanced budget by 2002 of capital gains taxes to a max-

imum 14 per cent, and a \$500-a-child tax credit. It also projects a balanced budget by 2002, but ting plan aimed at boosting gives only sketchy details of how the tax cuts would be paid

Mr Dole's aides hope the plan will capture favourable However, Mr Dole has risked headlines in a campaign so far his career-long reputation for

Clinton, who holds a double-digit opinion poll lead. By choosing a simple and dra-matic version of the various tax cuts debated by his advisers for weeks, aides hope Mr Dole will tap a popular Republican campaign theme.

However, Mr Dole has risked putting deficit reduction ahead

of cutting taxes. He has long been a critic of supply-side economists who argue that tax cuts will largely pay for themselves by boosting growth and

His proposals project that increased growth will pay for \$147bn of the \$548bn cost of tax cuts over six years. The rest would be covered by the sale in my blood and a balanced

budget will be my legacy to the American people." His aides stressed that growth would be boosted not of unallocated broadcast frequencies along with spending

only by income tax cuts, but also by the capital gains tax reductions, and a plan to reduce government regulation and overhaul the legal system. The plan also calls for passage of a balanced budget amend-

Continued on Page 12 Dole grasps nettle, Page 4 Editorial Comment, Page 11

Chinese

advanced

By Bernard Gray in London

China is to buy airborne early

warning radars from Britain,

increasing the capacity of the Chinese navy and air force to

patrol disputed areas such as

the Taiwan Strait and the

Spratly Islands in the South

In a deal negotiated in the

past two weeks, Racal, the

British defence and electronics

company, will supply between six and eight of its Search-

water surveillance radars to

the Chinese navy. China is

also negotiating with Israel

Aircraft Industries to buy its

Phalcon airborne early warn-

ing radar for the Chinese air

Racal yesterday refused to

comment on the order, saying

the company never discussed

part of an effort by China to

strengthen its air force and

navy, which are trailing

behind those of Asian econo-

mies such as Korea and

Taiwan. China's ageing MiG

fighter fleet is no match for

the French Mirage fighters

which Taiwan bas ordered,

and China's ships lack

long-range radar cover for

patrols outside its coastal

For 10 years China has been

Continued on Page 12

debating how to improve the

such contracts.

military

radars

China Sea.

to buy

## Brussels plan to let debtors pay using euro

By Gillian Tett in London

By Patti Waldmeir

Senator Bob Dole yesterday

announced a \$548bn tax-cut-

in Washington

The European Commission has backed away from a controversial plan to discourage foreign exchange speculation against the future single currency. Its latest draft proposals for

European monetary union have dropped the idea that financial contracts which challenged official Emu parities would be unenforceable. This retreat has pleased

investment bankers, who argued that legislation against currency speculation would be unworkable.

But the Commission, which plans to present its legal framework for Emu to governments this autumn, is now proposing other means to bolster the market credibility of the euro during the three-year ing is that something positive transition period to a single should uphold the conversion currency after 1999, and to pre-

Commission has and 2002 should be able to national currency. This could occur irrespective of the feared losing money in one wishes of the lender, unless special legal provisions had the other currency." been drawn up in advance.

plexities of the transition separate effect of increasing period from 1999 until euro pressure on the financial com-notes and coins are introduced munity to use the euro imme-During this period, the euro

will exist as a unit of account. French financial groups who The national currencies will be considered to be denominations of this, set at "irrevocable" conversion rates - just as Brussels said: "This could crethe US cent is considered a ate more pressure for a rapid denomination of the dollar. The European Monetary

Institute, forerunner of the European central bank, had

Deutsche Bank, Germany's biggest bank, yesterday deplored US indifference towards European monetary union, saying most Americans thought of Emu as a big Australian bird.

The bank said such neglect could damage US interests and blamed US politicians, busi-nessmen and economists for the lack of interest. Page 2

originally suggested that contracts which challenged these official conversion rates should be unenforceable. How-ever the Commission, which is responsible for creating the legal framework, is now backing away from this idea. As one lawyer involved in the discussions says: "The feel-

rates, rather than a negative Mr Colin Bamford, of the suggested that anybody who Financial Law Panel in Lonowes a debt due between 1999 don said the new proposal could reduce the incentive to repay it in either euro or the gamble against the official conversion rates. "If someone

currency they could repay it in Banking groups point out This proposal marks an that the Commission's sugges-attempt to deal with the com-

diately after 1999. This trend is likely to please want to switch to using the euro as quickly as possible.

One banking observer in switch-over which perhaps not everyone is expecting."

US indifference to Rmu, Page 2 Report, Page 4



#### the royal palace in Amman visit to Jordan as Israel's prime minister. Amiri speculation about a fresh peace initiative, he said Israel had submitted a proposal to



NAVITMER: ON COURSE AND ON TIME. With time a crucial aspect of air travel, pilots and navigators have long viewed their watch as their basic personal instrument. Even with today's sophisticated navigation satellites and radio beacons, "flight computers" like the NAVITRAER'S are still used for routine calculations.

A slide rule of this kind is built into NAVITMER mechanical chronographs. The pilot's sole personal instrument, today's NAVITMERS are based on a design voted official watch of the Aircraft Owners & Pilots Association in 1952. Relentlessly improved since then, NAVITMERS are totally efficient and fascinating to operate while their good looks remain as unmistakable as

> **BREITLING SA** P.O. Box 1132 SWITZERLAND - 2540 GRENCHEN Tel.: 41 65 / 51 11 31

Fax.: 41 65 / 53 10 09 INSTRUMENTS FOR PROFESSIONALS

## Belgian curb on drink ads 'unfair to imported wines'

By Neil Buckley in Brussels

A Belgian law banning advertisements for drinks containing more than 10 per cent alcohol by volume is being challenged by the European Commission which says the law unfairly favours the Belgian national drink - beer.

The Commission says the ban means beer is effectively the only alcoholic drink that can be advertised, penalising wine, most of which is imported into Belgium and is only marginally stronger.

Belgium says the law is designed to protect health and prevent alcohol abuse by restricting promotion of stronger drinks, and denies it is a protectionist measure.

hundred different beers, ranging from well-known brands such as Stella Artois, to rare, traditional varieties produced by Trappist monks. It probeer in 1994, and had the fifth-

interpational News......4 Adio-Pacific News........3

highest annual consumption goods and the UK has been per capita in Europe, at 106 told to change them within 40 litres, according to the the pean Court action.

European brewers' association. The EU executive says two examples of case law in the European Court rule that beer and wine should be viewed as competing products, subject to the same treatment under the law. It is preparing a case for tion". the European Court to make sure wine has equal rights to be advertised.

rules in another beer-loving from small brewers using tracountry - the UK. It has ordered the UK to change the rules on "guest beers", draught beers brewed by one brewer sold in pubs tied by contract to a different brewer. The country brews several draught beers brewed by other

It says the rules exclude member states because they specify that guest beers must be brewed by a fermentation process used only in the UK. The Commission argues that duced 14.85m hectolitres of the restriction is a breach of

working days, or face Euro-

The rules, drawn up after a shake-up of the UK brewing sector in 1989 to promote traditional "real" ales, say guest beers must use a process known as "bottom fermenta-The Commission says this

discriminates against "top-fermented" lagers from other EU Brussels is also challenging states, which may still come ditional methods. It suggests the UK adopts rules that stipulate guest beers must come from smaller breweries using traditional methods, but without barring top fermentation. Brussels' move was met with

anger yesterday in the UK. The Brewers and Licensed Retailers Association said the UK already had the most open beer market in the European Union, stocking and importing many more brands than other

-	EU 1	aw on free moveme	ent of EU states.	
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O THE FINANCIAL TIMES LIMITED 1996 No 33,054 LONDON - LEEDS - PARIS - FRANKFURT - STOCKMOLM - MADRID - NEW YORK - LOS AMERLES - TOKYO - HOME KOME

## Deutsche Bank assails politicians and media for 'astounding' neglect

## US indifference to Emu deplored

By Andrew Fisher in Frankfurt

Germany's biggest hank yesterday delivered a damning verdict on US indifference towards European monetary union, saying most Americans thought of Emu as a big Australian bird rather than an attempt to the US government paid link currencies and economies in a way that could change history.

blamed US politicians, bust-

**Turkish** 

generals

**Islamists** 

By John Barham in Ankara

Turkey's army, a bulwark of

secularism, has expelled 13 soldiers for "reactionary

propagating Islamic funda-

their decision at the week-

end after their annual coun-

cil, which decides on promo-

tions as well as the

dishonourable discharge of

suspected anti-secularists.

This year's meeting was all

the more delicate now that

Turkey has its first Islamist

prime minister. Mr Necmet-

Before he was appointed

premier in June army gener-

als and retired officers had

warned that they would not

tolerate any deviation from

the country's secularist prin-

ciples, laid down 73 years

ago by Kemal Atatürk. Mr

Doğan Güreş, a former chief

of staff and now an MP, had

even hinted that the gener-

als might intervene to pro-

tect Atatürk's heritage, say

ing: "Our army is the guardian of Turkey's unity. At a time when Turkey is in

great danger, of course the

Civilian secularists also

fear Turkey's growing Islam-

ist movement is infiltrating

the army. Some military

analysts claim that as many

as a fifth of conscripts and

junior officers may be Islam-

anxious to avoid a confronta-

However, both sides are

ion. All but one of the top officers even drank fruit

juice at a formal dinner with

Mr Erbakan rather than

raki, the fiery national

drink. The army has also

expelled fewer Islamists this

time round than in previous

years - last December 50 sol-

Mr Erbakan, who leads the

Islamist Refah party, is

treading carefully, aware

that the army is one of the

few national institutions to

retain the almost unanimous

respect of a people sickened

by years of government cor-

He has ditched his incendi-

ary anti-secular rhetoric and

repeatedly deferred to the

army. Last week, at the

insistence of the military as well as Washington, he sup-

ported parliament's renewal

of a controversial US-led air

umbrella based in Turkey

that flies missions over

northern lrag to protect

Earlier, Mr Erbakan bowed to the wishes of "our heroic military" and approved a training agree-

ment with Israel he had

vowed to scrap. He has also promised to back military

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Kurds against Baghdad.

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diers were purged.

ist sympathisers.

army will do its duty."

tin Erbakan,

mentalism in the ranks. The generals announced

aim at

this lack of interest "Most Americans have not

heard about Emu and those who have could not care less." wrote Mr Mieczyslaw Karczmar, the bank's New York-based economic adviser, in an article for Deutsche Bank Research's Emu Watch series. Because scant attention to Emu, so did the media.

He said the level of indif-Deutsche Bank said ference was "astounding" in that such neglect could view of US historical and damage US interests. It cultural ties with Europe and the country's large trade nessmen and economists for and investments there. "This

cupation with domestic affairs is not an excuse for neglecting developments in Europe; both the administration and Congress, and both political parties, share the blame for that neglect."

The paucity of interest in Emu had also afflicted US academic circles. "Even among the intellectual elite, the big bird roaming the Australian outback than with monetary union." Only research into the subject.

Arguing that the US had for long periods been a "reluctant internationalist". Mr Karczmar said the end of the cold war and the Soviet collapse made it less compelling for the US to preoccupy itself with Europe.

Moreover, President Bill Clinton came to power stressing domestic policy. His administration officially supported European monetary and political integration, but "there is not much substance behind this

Internationalism had served US interests better in

the past than isolationism, Mr Karczmar said. "The US's indifferent attitude to the massive reorganisation and transformation of Europe is tantamount to abdicating the US international role, and this will eventually harm American interests."

US business had also shown little interest in Emu. Those big corporations that did follow Emu were broadly positive because it would simplify their financial operations and reduce costs. But those with large exports and heavy investment in Europe were also

lead to a stronger dollar - as the D-Mark's strength was diluted within the single currency zone of the euro thus diminishing their export competitiveness and overseas profits.

Mr Karczmar said the US Treasury was watching to see how the euro would challenge the dollar as an international currency and was also concerned about a possi ble dollar appreciation. As for the Federal Reserve, "it still views Emu in theoretical rather than practical

British beef products.

# bond

By Vincent Boland

More than 3m Slovak tion begins public trading.

bond, each with a nominal value of Sk10,000. They now have four options. They can sell them from yesterday, hold them to maturity in five years, exchange them for state property, or use them for down-payments on

Brokers in Bratislava expect many holders to sell the bonds for an immediate profit. Minimum selling price is Sk7.500 and the or of likely buyers are privatised companies. Coupon privatisation was replaced with a policy of selling controlling stakes in companies down prices, with payment

by instalment The bonds can be company to which they owe

# windfall

redeemed at par by those companies to pay off the instalments. However, only 14 of the estimated 600 companies sold to management have so far been licensed to buy the bonds by the National Property Fund (NPF), the state holding

Brokers blame the NPF bureaucracy for delays in explaining how the market and in granting the licences. While the government is depends on how the market Moseman of ING Baring

If a strong market develops it could cause headaches for the National Bank of Slovakia. The central bank never liked the bond issue, fearing its consequences for inflation and the country's trade deficit, which reached Sk27bn in the first half of 1996 partly because of high

## France bids adieu to one of the founders of the republic | Slovaks to gather

citizens have the opportunity from this week to collect an unexpected windfall when a bond issue that replaced coupon privatisa-

They can turn a Sk1,000 (\$33) investment in a book of coupons for a privatisation programme that never happened into a guaranteed Sk7,500 – roughly a month's salary - by selling the bonds the government issued to compensate for the cancelled sell-offs last year.

No trades were reported vesterday because of confusion over who can buy the bonds. Some economists are alarmed at the prospect of an imports surge if people spend the profit on conumer goods

Some 3.3m Slovaks own a

the money.

for the bonds will operate keen to see a market develop, its success will be prepared and how much information the public will have", said Mr Martin Securities in Bratislava.

imports of consumer goods.

## EUROPEAN NEWS DIGEST

## Bonn urges EU review on BSE

The German government will ask the European Union to review the measures taken so far to combat bovine spongiform encephalopathy (BSE), or mad cow disease, following last week's report by British scientists that

nuggested cows could pass on the disease to their calves. The request was made after Mr Jochen Borchert, the German agricultural minister, met representatives from the 16 Länder, or states, which have been at the forefront in opposing any gradual lifting of the export ban on

Mr Borchert said he wanted the EU's scientific and eterinary committee, which consists of representatives of the member states, to meet as soon as possible. He said onsumers were not entirely convinced that boof, imported or domestic, was safe to eat, while there were now fears that BSE would effect milk and milk products. A Commission official yesterday said it had noted the request but said the committee was not due to meet until

The move by the government is intended to assuage the Länder and Germany's powerful agricultural lobby, that Brussels is doing all it can to combat BSE. It also means that the government will be given a breathing space to win over support from the Lander to implement a decision by Brussels last month partially to lift the export ban on some British beef products.

Judy Dempsey, Bonn and Neil Buckley, Brussels Germany anger at UK and Brussels over BSE, Page 10

#### Waigel seeks hefty tax cuts

The German government is planning sweeping tax cuts which could reduce the highest income tax rate from 53 per cent to 40 per cent starting from 1999, Mr Theo Waigel, the finance minister, said yesterday.

The measures, being drawn up by a special tax reform commission which met yesterday, also envisage a further reduction of the solidarity tax, a surcharge on taxable income reintroduced in 1993 to finance the reconstruction of the east German economy.

The surcharge, one of the most unpopular taxes, could be reduced next year from 7.5 per cent to 6.5 per cent and to 5.5 per cent in 1998. But there is still a dispute in the government over when the tax should be scrapped altogether, with the liberal Free Democrats, the junior partner in Chancellor Helmut Kohl's coalition, calling for its abolition as soon as possible.

The tax measures reflect a growing consensus among industry, economists and political parties that Germany's notoriously cumbersome tax system must be simplified and the plethora of allowances, particularly for the better off, be reduced or abolished. Judy Dempsey, Bonn

#### Italian insurance price probe The Italian anti-trust commission said yesterday it had opened an inquiry into recent sharp price rises in the car and motorcycle insurance market

The Italian government last week called on insurers to offer more competitive motor rates, complaining that the insurance market was still not functioning well. Rigid laws controlling Italian motor insurance were relaxed in July 1994 after strong lobbying from companies which protested that they were having to support huge losses because of enforced low pricing policies. Since then, the anti-trust body said there had been "significant price increases in the sector". The Italian Insurance Association has blamed the increases on a larger number of accidents coupled with greater costs; especially for personal injuries.

#### Unicombank back on course

Russia's central bank has helped restore financial stability to Unicombank, one of the country's largest commercial banks, and is releasing it from temporary administration. The central bank said creditors' interests were no longer in danger after Unicombank had successfully normalised its operations following a recent 'management crisis".

The move will bolster the central bank's credibility as an industry regulator and strengthen its programme of helping other Russian banks out of temporary difficulties. A sharp decline in inflation and a more competitive economic environment have threatened the solvency of scores of Russia's 2,100 commercial banks. The central

bank has stressed it will not jeopardise its tough monetary approach by bailing out troubled banks but is prepared to appoint teams of experts to help banks restructure their finances. The central bank moved in to Unicombank in May to defend the interests of 250,000 private depositors after the commercial bank failed to pay John Thornhill, Moscou

#### European air traffic to grow

Passenger traffic on Europe's big airlines is to grow by 6.4 per cent each year for the next five years, marginally up on long-term forecasts, the Association of European Airlines (AEA) said yesterday. Within Europe, it predicted cross-border passenger numbers would rise by one third from 1995 to 2000, an increase of 36m. "Behind the growth expectation is an anticipated period

of relatively favourable economic development and a constant reduction in average fare-per-kilometre in real terms," the AEA said. Aside from expected recovery in traffic to and from former Yugoslavia, the AEA said the highest growth would be from Turkish and Irish routes followed by Portugal, Belgium, Germany, Spain and Scandinavian countries. Slower growth was predicted from Malta, Cyprus, Greece and Switzerland.

Passenger traffic on AEA airlines grew 8.9 per cent year-on-year in June.

**ECONOMIC WATCH** 

#### Italian inflation slows



July to an annualised 3.6 per cent from 3.9 per cent the previous month. according to figures released yesterday by Istat. the state statistics institute. The improvement was better than expected and was largely influenced by a government decision to cut electricity tariffs. As a result consumer prices in July fell by 0.2 per cent This was the first time since 1968 that negative growth in inflation has been recorded. Apart from

Italy's inflation rate fell in

the move on electricity tariffs, clothing, water and energy products all saw price levels fall back. Together these items foll 1.2 per cent. However, a modest rise in car prices and car insurance premiums (under investigation by anti-trust authorities) led to an increase in transport prices of 0,2 per cent.

The government believes that inflation by the end of the year will be 3 per cent or lower, with 2.5 per cent projected for next year. Economists yesterday welcomed the trend but warned that domestic demand remained Robert Graham, Romi

■ Greek inflation dropped to 8.6 per cent year-on-year in July from 8.8 per cent in June.

## Neutral Austrians deeply split over whether to join Nato

President Chirac embraces the widow of Michel Debré, France's first prime minister under President Charles de Gaulle in 1958, at his funeral yesterday. Debré, who drafted the constitution for France's Fifth Republic, died on Friday aged 84.

A poll shows a majority believe Vienna will sign up anyway

majority of Austrians are rushed into a decision by his coalition ern part of the country. The policy of

fusion over the country's future security policy, the poll results published yesterday show that 60 per cent would vote against Nato membership in a referendum. However, 58 per cent believe Austria will eventually shed its policy of neutrality and join the western alli-

The debate is coming to the fore in Austria as the European Union tries to forge a common foreign and security policy at the intergovernmental conference and as Nato prepares for enlarge-

ment to the east. If, as some experts expect, Hungary, the Czech Republic and Slovenia join the alliance, Austria will be almost completely surrounded by Nato countries. Nato officials say they would like Austria to apply for membership, but do not want to interfere in the domes tic debate.

The political changes in Europe have forced even supporters of neutrality to examine fresh options.

But Austria's coalition government of Social Democrats and conservatives is deeply split on the issue. The conservative People's Party, led by Mr Wolfgang Schüssel, the foreign minister, has long supported membership in the Western European Union (WEU), the defence arm of the EU designed to become the European pillar of Nato. The party also wants the government to consider Nato membership.

opposed to joining Nato, but partners. Earlier this year, the two parnon-alignment became extremely popuopposed to joining Nato, but they think it will happen anyway, according to a poll in the Vienna daily Der Standard.

partners. Earner this year, the two partners and was widely seen as a central element in Austria's post-war identity. Neutrality allowed Austria to attract Underlining the uncertainty and contates, some members of his party have begun to push for entry. In an interview, Mr Josef Cap, former secretary general of the party and now an MP. urged the government to join Nato as soon as possible.

Mr Cap was immediately rebuked by Mr Vranitzky and others, but some Social Democrats admit privately that eventually they will have to accept Nato membership in order to have

## Eric Frey looks at the choices on

some input into the strategic decisions

international organisations and to act as a broker between east and west. Most security experts agree that neutrality has lost its meaning since the

collapse of the Warsaw Pact. When Austria joined the EU in 1995, it also accepted the terms of the Maastricht treaty that call for the creation of a common defence policy. Austria has also joined the Partnership for Peace of Nato and dispatched about 300 soldiers to Bosnia as non-fighting participants in the Ifor mission. Most Austrians would still prefer not

to join a military alliance. They are afraid of foreign entanglements and the cost of bringing the Austrian military to Nato standards. Defence spending's share of total GDP is only 0.9 per cent, well below any Nato country.

The deep split in the government and

in public opinion has made it difficult to make its voice heard in the EU. The government does not want to stand in the way of other EU countries moving towards political integration, but it also hopes that the intergovernmental conference will not move too far in this direction.

Austria strongly supports the plan to include humanitarian and peacekeeping missions in the revised Maastricht treaty and opposes a full merger between the WEU and EU.

Sweden, Pinland and Ireland face similar pressures, but experts say their geographical locations on the edge of the EU make it easier to choose their

## an EU recruit

The opposition parties are also split.

The leftwing Greens want to stick to

## that also affect Austria's security.

neutrality and accuse the Social Democrats of breaking their earlier prom-ises. The far right Freedom Party of Mr Jorg Haider calls for immediate Nato entry. The Liberal Forum want to join the WEU but delay Nato membership until a later date. Polls show that many

#### Austrians would not mind joining Nato if they could stay neutral, at least in

Austria declared permanent neutral-

#### Chancellor Mr Franz Vranitzky, a ity in 1955 in exchange for the with-Social Democrat, has refused to be drawal of Soviet troops from the east- own course. Ciampi will press case at today's cabinet for hiving off non-core businesses

Rome to decide on speeding Stet sale By Robert Graham in Rome

government is expected to decide today whether to accelerate the privatisation of Stet, the state telecoms group, by hiving off non-core

Mr Carlo Azeglio Ciampi, the Treasury and budget minister, is pressing for the immediate sale of three companies: Finsiel, a computer software unit; Seat, responsible for yellow pages publishing; and Sirti, a telephone

equipment manufacturer. This, he argues, would raise more funds than selling Stet in its current form. Stet has a market capitalisation just below L25,000bn Their allies both inside and (\$16.5bn) but, on some esti- outside the government have mitted to respect a 1993 Treasury with extra ammu- technology worth L200bn a

Italy's state railways company has chosen a consortium of Olivetti and France Telecom to develop its telecoms activity. They are expected to pay at least L600bn (\$385m) for a 70 per cent stake in Telesistemi Ferroviari based on the existing value of the rail telecoms infrastructure, but the price could be higher depending on final investment commitments. Both BNL, the state-owned bank, and Eni,

the state-controlled oil company, are bringing in external partners to operate and develop private telecoms networks. Both chose partnerships with British Telecom. could be raised. Within Stet there has been strong resistance to any break-up, and the trade minister. unions yesterday repeated their opposition to the idea. Iri, the state holding which

controls 62 per cent of Stet,

also remains sceptical of the

benefits of such a move.

tisation of Stet which was first set in motion in 1993 when Mr Ciampi was prime

However, the prospect of further delays, combined with the impact of this on Iri's precarious finances, provides the Treasury with strong arguments at today's ary next year. cabinet meeting. Iri is com-

the state holding must all Iri's stake in Stet. The newly approved legis Stet sale is lation to establish a telecoms under way.

regulatory authority will take time to be translated into practice, however, Govagency can be operating proposed sale of Deutsche Telekom in November, the Treasury says the earliest window of opportunity for an international sell-off would be in January/Febru-

This in turn provides the mates, up to L8,000bn more constantly delayed the priva- accord with the European nition to divide non-core year,

Commission under which activity from the telephone business which will be subreduce its debt by almost ject to the regulatory author-L20,000bn by the end of this ity. It feels Brussels is only year. The only way this can likely to be accommodating be achieved is by selling off in postponing the deadline on Iri's debt reduction if the Stet sale is at least partly

Originally, only Seat and

Sirti were to be sold off, the objection to Finsiel being ernment officials doubt the that it handled sensitive state contracts including all before November, Given the the Treasury's data processing software. Last Friday, the government agreed to set up a special company to handle the Treasury's data processing. At the same time Finsiel formed a new company with the state railways to handle their information

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**NEWS:** ASIA-PACIFIC

## Burmese junta dismisses US survey

By Ted Bardacke in Bangkok

Burma's military junta yesterday described a US report on the country's economy as politically motivated. In its annual economic survey of Burms, the US embassy in Rangoon says economic growth has been widely overstated by misleading accounting practices.

Defence spending now accounts for 41 per cent of all government expenditure

and forced or involuntary

Sulvey Says.

The report, released yesterday, has been blasted by officials of Burma's military junta, who say the report's attempt to correct statistical distortions caused by the country's dual exchange rate and by lack of reporting on military spending is politically driven.

The US government has been the most vocal international critic of Burma's military regime because of its human rights record and its

pressure groups have been at the forefront of a campaign to convince multina-tionals to withdraw from

Gen David Abel, Burma's

economic development minister, said yesterday: "The intention of floating such a report is to seed doubt and cause mischief." He said defence spending

in Burma's chronic fiscal deficit - which stands at 11.5 per cent of GDP - and in its 25 per cent annual inflation. was only 8-10 per cent of the national budget. Official Growing military imports, which the government Burmese statistics make no stopped reporting three mention of defence spending.

suit complete with tie pin. His slicked-back hair looks as if it

has been given a dose of gel. He smiles as he offers his business card. It is headed "Communist Party of Viet-

Mr Truong Tan Sang is the party's

highest flyer and, as Vietnam's young-

est recruit to the ruling politburo, is the country's most talked about politi-

At 47, Mr Sang is chairman of the Ho

Chi Minh City branch of the Communist party, an appointment made dur-

ing the party's five-yearly congress at the end of June. The post comes with a

seat on the politburo, the highest deci-

Yet nothing in his curriculum vitae

marks him out as a high achiever. His

only executive position before becom-

ing mayor of the city in 1991 was at the

helm of a state-run forestry concern.

Unlike many technocrats of his age, he

was not trained in the former Soviet

Union, Instead, he took evening classes

at Ho Chi Minh City university, earn-

Thus armed, he will now have to

share power in the 18-member polit-

buro with the revolutionary septuage-narians who have dominated the politi-

cal landscape in the decade since the

country's doi moi economic reforms

began. He will also sit alongside two

military men who masterminded Viet-

He brushes aside suggestions that

the older generation do not fully trust

many observers say was behind the

ruling troika's refusal to relinquish

power at the recent party congress.

The older generation of revolution-

aries fully trust the younger genera-

tion. [Membership] is an opportunity

for me to acknowledge the guidance of

the older generation that has helped

and guided us through wartime and

Mr Sang is clearly an intuitive politi-

cian but he is also a loyal party man. It

is perhaps this, more than anything

during the renovation period."

nam's invasion of Cambodia in 1979.

ing a law degree.

he party's vounger l

sion-making body in the land.

important because it is the

single most important factor

3.1 per cent of the country's alleged tolerance of drug- Last year the World Bank up the country's external gross domestic product, the trafficking activities. US estimated defence spending debt and are partly to blame accounted for 50 per cent of for Burma's external arrears, current government expendiwhich the World Bank estiture in fiscal year 1993-94 mates at \$1.5bn, up 83 per and 45.9 per cent in 1994-95. cent from three years ago. Economists say the level Exchange-rate adjusted of military spending is

Jeremy Grant meets Vietnam's newest recruit to the politburo

Age no barrier for favourite

son of Ho Chi Minh City

economic growth for each of per cent, the US Embassy said, compared with 5.9 per cent and 6.8 per cent claimed by the Burmese government. Some of this growth can be attributed to a transfer of activity from the black market to the legal economy

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the growing influence of drug and other extra-legal money, now that several drug-producing ethnic groups have been "brought into the legal fold".

Net private transfers of foreign currency have substantially exceeded foreign direct investment for the past two years and the Burmese government "now makes no perceptible effort to bar investments funded by the production or export of narcotics," the report

#### ASIA-PACIFIC NEWS DIGEST

## China opens up Xinjiang

China is stepping up development of its oil-rich and potentially troublesome western Xinjiang region with the allocation this year of Yn12.2bn (\$1.46bn) for investment, mostly infrastructure, the People's Daily reported yesterday. Some 30 projects had been identified for central government support, including roads, oilfields and power plants. Beijing will provide 70 per cent of funding for key projects, the rest coming from local authorities and business. The region is attracting attention as an increasingly important cotton and grain-growing area. The Taklamakan Desert, including the Tarim Basin, is also believed rich in gas, but the cost of developing oil and gas fields in such a remote location is deterring foreign investors. China has built a small pipeline, but this would be inadequate for full-scale commercial Tony Walker, Berjing

#### Philippine inflation falls

Philippines inflation Annual % chance

cent target by December, economists said yesterday The decline, following the rise to 11.8 per cent last October, came in most sectors, notably food. The tightening of money supply, agreed with the International Monetary Fund earlier this year when the target for broad money (M3) growth was reined back from 29 to 25 per cent, contributed to the

Philippine inflation fell to

drop and evidence it is on

course for the official 6 per

8.9 per cent in July, its third consecutive monthly

slowdown. Worries over fuel prices, expected to rise after the gradual liberalisation of oil prices began last month, and galloping real estate prices, indicate longer-term price stability may not yet have been achieved. Most private-sector groups agree with official

predictions of 6 per cent inflation by December and an annual average of 8-9.5 per cent for 1996. The bellwether 91-day treasury bill rate is expected to remain at 12-13 per cent for the rest of the year.

#### Megawati calls in lawyers

Ms Megawati Sukarnoputri, the ousted Indonesian opposition leader, yesterday sent lawyers to represent her at police questioning about her role in allegedly inciting last month's riots in Jakarta, the worst in two decades. Her lawyers said she was prepared in principle to answer any questions in line with her strategy of taking her battle over the party's leadership to court. Ms Megawati was ousted as leader of the opposition Indonesia Democratic party by a rival government-backed faction. Meanwhile, Major-General Syarwan Hamid, head of the military's socio-political section, accused "labour organ-isations" in Australia of financing a group of political activists whom the military accuse of masterminding the riots. But no plans are in hand to complain to the

#### IMF warns on Thailand

Australian authorities.

its monetary controls is a more flexible exchange rate system, the international Monetary Fund says in a confidential report. The IMF concluded the central bank's monetary controls were inherently weak: "As Thailand's capital account has become increasingly open with financial liberalisation, the scope for an autonomous monetary policy (given the fixed exchange rate regime) has been steadily eroded."

The report says Thailand must relax its fixed exchange rate system to restrain the tide of short-term capital flooding in and compromising financial stability. Thailand had two options: widening the band in which the baht trades against the dollar, or changing the basket of currencies to which it pegs the baht. The inflexibility of the baht imposes "constraints on available policy instruments to respond effectively to shocks" from the current account or sharp increases in capital inflows, the AP-DJ, Washington

#### Elliott cleared on one charge Mr John Elliott, former head of the Elders IXL brewing

and agribusiness conglomerate, was yesterday acquitted on one of the charges he faces in relation to alleged fraudulent foreign exchange dealings, dating back to 1988. In the Supreme Court, Justice Frank Vincent recorded a not guilty verdict on a charge of giving false evidence to Australia's National Crime Authority. Two of Mr Elliott's former colleagues, Mr Peter Scanlon and Mr Kenneth Biggins, were also found not guilty on the same charge. They still face charges of theft and conspiracy to defraud. The case centres on two foreign exchange transactions totalling A\$66.5m (US\$51.5m) between Elders and Bank of New Zealand in 1988.

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## Death penalty sought for Chun by prosecutors

By John Burton in Secul

South Korean prosecutors yesterday asked that former president Chun Doo-hwan be sentenced to death and his successor, Roh Tae-woo. receive life imprisonment for

punishments at a sentencing session later this month, most analysts believe Mr Kim Young-sam, the South Korean president, will eventually use his executive privilege to reduce the penalties to shorter prison terms.

The proposed sentences, which were expected, followed a six-month trial that focused on their roles in a 1979 coup that brought them to power, and the subsequent 1980 massacre of at least 200 pro-democracy demonstrators in the south-western city of Kwangju.

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The ex-presidents are also facing separate charges of allegedly accepting a com-bined total of almost \$2bn in corporate bribes during their consecutive terms of office

between 1980 and 1993. Fourteen other persons most of them former military colleagues of the two ex-presidents, face possible The suggested death penalty for Mr Chun reflected his role as the leader of the 1979 army coup and his position campaign in 1992.

when the Kwangiu massacre occurred in May 1980.

Mr Chun, who subsequently became president in August 1980, is an unpopular figure in Korea because of his seven years' rule. In conalleged sedition. trast, Mr Roh, who suc-court upholds the suggested to have had a subservient role in the army coup and is credited with paving the way for demo-cratic rule as president.

it was Mr Roh's admission last October that be accepted \$650m in corporate payments that triggered a series of events that led to the trial of the two ex-presidents. His arrest last November on corruption charges provided an opportunity for Mr Kim, a former political dissident, to pursue Mr Chun as well, on sedition charges.

Their trial has been marked by controversy, with lawyers for most of the defendants having resigned in the past month to protest at what they claimed was the prejudicial attitude of the court judges.

Supporters of Mr Chun have also accused Mr Kim of conducting a vendetta to wrest control of the ruling party from allies of the two to divert attention from allegations about the financing of Mr Kim's presidential

## Calls grow for Malaysia power monopoly end

By James Kynge In Kuala Lumpur

The share price of Tenaga Nasional, Malaysia's semiprivatised electricity utility. plunged yesterday after an almost nationwide blackout at the weekend hit the company's reputation and prompted calls for its transmission monopoly to be ter-

Tenaga's shares, which account for nearly 10 per cent of the Malaysian stock market's, capitalisation, closed down 4.41 per cent to M\$9.75.

Investors were concerned that companies forced to stop production for the 15hour power cut from Saturday evening to Sunday morning would demand com-pensation from Tenaga. Some analysts said losses at companies from the power cut, originating in the eastern state of Terengganu where much of the grid dates from the 1970s, could exceed M\$100m (\$40.5m).

Market analysts said Tenaga's transmission and distribution monopoly, previously guaranteed until 2000, could be in jeopardy. The Federation of Malaysian Consumers Association suggested yesterday a parallel grid should be built and run by some or all of five independent power producers (IPPs) which have begun generating since 1994. The suggestion appeared to be echoed by Mr Anwar Ibrahim, deputy prime minister and finance minister, who said the current grid was "not acceptable". Dr Mahathir Mohamad, the prime minister, summed up a mood of anger and shame

within the government. "Where are we going to hide our faces," he said. "We invited people to invest, and now their factories are affected and the aircraft can-

not take off." Dr Mahathir last week invited the world's top information technology companies to invest in an ambitious 750 sq km "multimedia super-corridor", a central plank in Malaysia's vision of becoming fully industria-

lised by 2020. To achieve that goal, when wages are rising and a labour shortage is eroding its traditional competitive advantages, Malaysia needs to provide reliable and effi-

Tenaga had pledged to keep power cuts to a minimum and observers said its failure could serve it ill when the government decided whether to allow it to increase power price rises.

A delay in implementing price rises this year was the main factor behind a decline in Tenaga's net profits to M\$370m in the half year to February 29 this year from M\$798m in the previous

else, that propelled him to his current position, in spite of his age. For the last five years, as chairman of the Ho Chi Minh City people's committee he has presided over dramatic changes in one of south-east Asia's fastest growing cities. Last year, Ho Chi Minh City's gross domestic product

growth was about 15 per cent. Foreign investors have pumped millions of dollars into projects in and around the city. Local businesses most of them ethnic Chinese previously the victims of economic and

ing as never before. Unlike its counterparts elsewhere in Vietnam, the Ho Chi Minh City people's committee is much more than an administrative body. It is also a sprawling business machine, having inherited factories, hotels and a huge property

political discrimination - are flourish-



Holding the confidence of the party: Truong Tan Sang is their highest flyer Heuter

portfolio from the US-backed South Vietnam. Many of the people's commit-tee business units are linked in lucrative joint ventures with foreign inves-

Mr Sang sums up his business philosophy thus: "In a multisectoral economy, it's inevitable to have rich and poor. In Vietnam, we say let those who have favourable conditions enrich themselves first, and then let those less fortunate enrich themselves later. thanks to the support of those who

have already become rich'." Commercial pragmatism and loyalty is a combination that the Communist party feels it needs from its cadres as it tries to steer Vietnam towards a market economy while maintaining full political control. There are two problems with this. No one knows if it will work. And there are precious few party members like Mr Sang, who has managed to protect the business interests of the people's committee while allowing the nascent private sector a degree

of latitude. The private sector is viewed with extreme ideological suspicion by the party, and faces wide-ranging economic discrimination. Foreign economists see it as the country's best hope for sustainable economic growth.

"Overall our policy does not discriminate against the private sector or give any privileges to the state sector because we want to mobilise all resources in order to modernise and industrialise our economy," he says. His words will be cold comfort to the entrepreneurs still unable to use land as collateral for bank loans, unlike loss-making state companies.

Only 1km away from Mr Sang's office in a converted French villa, people live in slum conditions, the flip side of Ho Chi Minh City's economic success story. Drug abuse is rising. Girlie bars and prostitutes are still as much a part of the city's image as they were in the Vietnam war years.

"We've built many houses of grace and we also try to provide education to many street children. There are about 45,000 of them and we have gathered 25,000 into classes," he says.

Some observers say the city has grown fast without infrastructure keeping pace and there are problems loom ing. But Mr Sang deserves credit for holding the city together as it coped with the strains of sudden capital inflows. "He obviously has the confidence of the party and if he takes a position [in the polithuro], it'll proba-

## Vote on nuclear reactor fails to sway Tokyo

By Emiko Terazono in Tokyo reactor, last December.

Results of Japan's first local Japan, would not affect the country's nuclear energy policy, the government said

Officials put on a brave by Maki residents to reject construction of a nuclear reactor in the town. Howalready faces pressure to review its policy following a

"Given we have no alternative to the energy policy, referendum over a nuclear we must consider nuclear project, at Maki in northern energy as a main power source," Prime Minister Ryutaro Hashimoto said.

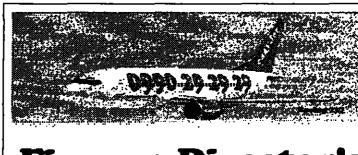
Mr Seiroku Kajiyama, chief cabinet secretary, said the referendum, where over face after the weekend vote 60 per cent of Maki's 30,000 residents voted against building the plant, covered only a single project and was ever, the government not a rebuttal of the government's energy policy. Mr Ichiro Ozawa, leader of

leakage at Monju, Japan's the New Frontier party, the The result of the referendum next-generation nuclear leading opposition grouping, is not legally binding.

said the result of the referendum should be reflected in Japan's energy policy.

Under its long-term nuclear policy plan released in 1994, the government aims to increase total capacity of Japan's nuclear power plants to 70.5m KW to supply 40.2 per cent of the country's total energy needs by 2010.

Plans to build a nuclear reactor in Maki were announced by Tohoku Electric Power in 1969 and since then have divided the town.



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## Pressure to revise HK forecasts grows

By Louise Lucas in Hong Kong

Pressure on the Hong Kong government to revise its fullyear growth forecasts increased yesterday after official figures showed the economy grew 3.1 per cent in the first quarter of the year against the same period of 1995. This was at a far

slower rate than the 5 per cent growth for the full year

forecast by the government. Private-sector economists. forecasting full-year growth of 4.1-4.6 per cent, say the government will be forced to downgrade the estimate in the light of weak export growth through the first half and continuing poor consumer sentiment.

Yesterday's first-quarter figures showed re-exports registered a moderate 7.5 per cent growth in real terms against the same period last year, while domestic exports fell 7.4 per cent. Domestic exports have been dwindling as Hong Kong manufacturers relocate their operations in mainland China. Private consumption

spending grew 3.5 per cent in ing of the US dollar may real terms and government help trade in the second half Consumer spending accounts for 60 per cent of gross domestic product.Retail sales have edged upwards and property prices are steadying but many economists say the "feelgood" factor is still absent. Economists say a weaken-

expenditure 3.8 per cent. while a devaluation of the Chinese yuan would stimulate China trade, the key plank of re-exports. If the expected rise in US interest rates materialises in the secand half, and is imported to Hong Kong via the currency would be further subdued.

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## Dole grasps nettle of balanced budget

Proposed constitutional change would tie politicians' hands, writes Michael Prowse

Dole's long-awaited economic plan, unveiled yesterday, is not the proposed dollar of income. Individu-15 per cent cut in income tax als' total tax liability would rates, but an explicit com- fall much less sharply, and mitment to pass an amendment to the US constitution mandating a balanced federal budget.

"Only the moral authority of the constitution can force Washington to do what every American family must do: live within its means," the plan says. "Most states are required to balance their books, Bob Dole believes the federal government should be required to do so as well."

A balanced budget amendment would not be a mere promise to achieve a zero deficit by 2002, or any other date. Unlike ordinary legislation it would not be something that Congress could simply vote down at will It would tie the hands of politicians for decades to come which is why Democrats led by President Bill Clinton fought so bard to prevent its

passage last year.

If a President Dole could deliver on this central pledge, there would be no danger of the promised tax cuts leading to higher deficits. If his economic plan proved too optimistic, he would face two choices: either balance the income just of tax cuts but of other reductions with increases in other taxes or as educational and regulacut spending more aggres- tory reform. Mr Dole would sively than currently envis-

he most important should be seen in perspective. The 15 per cent reduction is in marginal tax rates the rates paid on the last the cuts would be phased in over three years starting in 1997. The total cost (including other measures such as a child tax credit and cuts in

capital gains taxes) would be

The good news about the Republican convention is that few speeches will be longer than 10 minutes, Washington. The bad news is that there will be dozens of them. Organisers of the party's August 12-15

about 1 per cent of national

Mr Dole provides only sketchy details of how the cuts would be made consistent with a balanced budget by 2002. After analysing the results of tax cuts in the 1980s, Prof John Taylor of Stanford University - Mr Dole's principal economic adviser - claims faster economic growth (and hence revenues) would pay for 27

per cent of the tax cuts. This ambitious "growth dividend" reflects the assumed positive impact not measures in the plan, such also cut non-defence spend\$393bn in expenditure cuts would have to be yes. already outlined by the Republican Congress.

In practice such numbers mean little. The Democrats crucified Mr Newt Gingrich, the House speaker, last year for proposing modest curbs on the growth of Medicare, the federal healthcare plan for the elderly. In the campaign, Mr Dole (like President Clinton) will therefore

convention in San Diego are working hard to make the four-day Bob Dole love-fest palatable to TV viewers, but realise this may be an uphill fight. To rein in the long-winded, most speeches will be five or six minutes

\$548bn over six years, or not discuss the long-term future of either Medicare or Social Security, the even more expensive public pen-sion programme. Nor is he talking about defence, even though he has signalled support for a costly "star wars" initiative.

Yet the future of federal deficits will be largely deter-mined by decisions on "enti-tlement" programmes, especially social security. As president Mr Dole, if supported by a Republican Congress, would almost certainly impose tougher curbs on entitlement spending than Mr Clinton. The question is whether his extra toughness would more than offset tax cuts and higher defence spending. If he deliv-

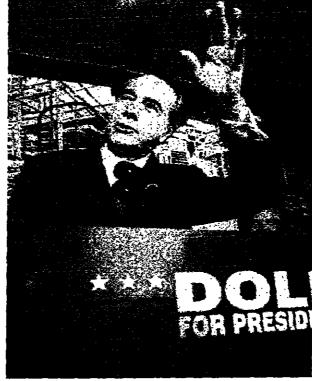
broader plan. Sounding suspiciously like Candidate Clinton in 1992, Mr Dole says his first priority is faster economic growth. Echoing Democratic criticisms of thenpresident George Bush, he accuses Mr Clinton of presiding over an era of stagnant wages and "diminished expectations". Under Mr Clinton growth has averaged 2.4 per cent a year, against 3.2 per cent during the entire

decade of the 1980s. Mr Dole argues that faster growth requires "a fundamental overhaul of the tax system". He would greatly reduce or eliminate the present biases against savings and investment and do away with many loopholes for special interest groups. He would simplify the tax code to the point where most taxpayers could file returns on a postcard. The bureaucratic Internal Revenue Service would be a prime candidate for ruthless "downsizing". If he reached the Oval

Office, Mr Dole would also seek faster growth by reducing the economic burden of federal regulations, which is currently estimated at about \$670bn a year (or \$6,000 per household), and by reforming the highly inefficient

Finally, taking a page from Mr Clinton's Putting People First manifesto of 1992, Mr Dole emphasises his commitment to educational ged. ing by \$217bn over six years ered on the balanced budget reform. "Education is the public schools need, argues Clinton has refused.

The proposed tax cuts and take advantage of amendment, the answer single greatest force for Mr Dole, is not more money for political reasons.



Bob Dole: faster growth requires tax overhaul

improving opportunity from one generation to the next." But his recipe for reform is more radical than anything the Democrats have contemplated. As president he would introduce a voucher spend tax dollars on education in private and religious as well as public (govern-

The Dole plan is an ambi-tious mixture of fiscal austerity and microeconomic balanced budget amendment to the Constitution While scheme allowing parents to cutting marginal tax rates is not self-contradictory. But it entitlement spending - an ment) schools. What the area of the budget that Mr public schools need, argues Clinton has refused to touch

AMERICAN NEWS DIGEST

## **Index points** to US growth

A key gauge of US economic activity strengthened in June, the Conference Board, a business analysis group, said yesterday, despite providing additional signs of slowing in the industrial sector.

The index of leading indicators, designed to forecast economic trends six to nine months ahead, rose by 0.5 per cent in June after a revised 0.2 per cent increase in May. Higher prices for commodities helped drive the index up, but orders received by factories for durable goods were

The overall monthly gain in the index during June was moderately stronger than anticipated by Wall Street economists who had forecast a 0.3 per cent rise. lower than in May.

The leading index measures a basket of economic indicators from unemployment benefit claims to building permits. Six of its 11 components were higher in June while five weakened.

The signals of rising activity in June were led by increased commodity prices, slower vendor deliveries, rising consumer expectations and a higher money supply. The average working week was longer and stock prices

The negative indicators were fewer new orders in June for durable goods and reduced orders for new plant and equipment. Order backlogs also fell. Reuter, Washington

#### Vesco awaits Cuban verdict

Mr Robert Vesco, the fugitive US-born financier on trial in Cuba on charges of fraud and illegal economic activity, faces a possible 20-year jail sentence after a Havana court adjourned at the weekend to consider its verdict.

The prosecution maintained its request for a guilty verdict and a 20-year term after a public hearing in which Mr Vesco was accused of trying to defraud the Cuban government and foreign investors in a project to develop an alleged wonder drug, called TX, supposedly effective against cancer and Aids.

Mr Vesco, who is also wanted in the US for drug-trafficking and embezzlement, denies the Cuban charges against him. Under the Cuban system, the court, which consists of judges and no jury, will deliver the verdict and sentence together. Pascal Fletcher, Havane

#### Samper fined for noisy landing

French authorities fined Colombian President Ernesto Samper \$10,000 for making an unusually noisy landing with his Boeing 707 presidential jet at Orly airport in Paris, the Colombian news magazine Semana reported

Semana said Mr Samper, who suffered the indignity of having his US tourist visa revoked last month, was cited during an official visit to Paris last week for violating noise pollution controls. Orly also charged an additional \$1,000 for landing rights.

#### DR opposition wooed

Dominican Republic President-elect Leonel Fernandez met opposition party members on Sunday to bolster his party's weak showing in congress. Set to take office on August 16, Mr Fernandez hopes to

sell power plants and revise financial laws, which would require opposition support since his Dominican Liberation party controls less than 10 per cent of the AP. Santo Domingo legislature.

#### Buenos Aires mayor walks into self-rule row the right to hold legislative electrons. The Radical party of Mr De la Rúa co-operation of the existing adminassembly was appropriate," he tions and to set up a local police has the second highest number of istration in Buenos Aires to ensure said. "The autonomy of the city By David Pilling in Buenos Aires

Mr Fernándo de la Rúa of Argentina's opposition Radical party takes over today as the first elected mayor of Buenos Aires amid bitter arguments over how much autonomy the capital should

Mr Carlos Ruckauff, the country's vice-president, described as "an uprising" the declaration on Friday by the Buenos Aires constituent assembly that it would press for full autonomy, including the centre-left Frepaso alliance.

force and judiciary.

"Buenos Aires is not a province, it is a municipality," said Mr Ruckauff, who represents the governing Peronist party on the constituent assembly. As such it was subject to various restrictions by federal authority, he said.

The constituent assembly, elected in June to draw up the statutes for the city, is dominated by opposition parties, most notably

beaten into an embarrassing third play down the conflict.

Mrs Graciela Fernández Meijide, who heads the Frepaso delegation, said she would fight for the "total autonomy of the city", and resist all attempts to limit the authority of its elected representatives by the federal government. Until the election of Mr De la Rúa, mayors were appointed by the president. Mr De la Rúa, who needs the

delegates, with the Peronist party a smooth transition, has tried to should be broad and, when the beaten into an embarrassing third play down the conflict.

The new mayor, who takes over rich city but one plagued by financial headaches, is also keen to preserve good relations with the national government, with which he will have to negotiate future tax sharing arrangements. Nevertheless, Mr De la Rúa has

eral interference in Buenos Aires' affairs. "The declaration of the for autonomy.

one newspaper columnist has jibed that from today President Carlos Menem will be a "guest in De la Rúa City". The president, who does not

want Buenos Aires to become an effective focus for the opposition, said he would take the matter to made clear he will not accept fed- the Supreme Court if the constituent assembly persisted in its drive

#### **NEWS: INTERNATIONAL**

## Past stalks France's future in Africa | Clinton plea to

Michela Wrong on a policy battle for President Chirac's soul

when France's President Jacques Chirac made his first visit to central Africa last month, that he chose to deliver his key speech in Brazzaville, on the banks of the Zaire river.

It was in the Congolese capital, base for the exiled Charles de Gaulle's campaign to free France from Nazi rule, that the framework for relations between Paris and its soon-to-be-liberated African colonies was

By speaking there, the Gaullist president was broadcasting reassurance to Francophone African leaders worried about Paris's commitment to the continent. "Plus ça change." the message went, "plus c'est la meme chose" (the more things change, the more they stay the same).

But the African leaders are right to be anxious. For analysts agree that, when it comes to France's policy on Africa, a battle for Mr Chirac's soul is taking place. It is a battle between two

schools of thought, represented by two individuals. At one extreme is Mr Jacques Foccart. Gen de Gaulle's Africa adviser. recalled from retirement. At the other, the prime minister, Mr Alain Juppė, Mr Chirac's long-standing ally.

Now a frail octogenarian, Mr Foccart is a living sym-Africa since independence. Critics often quip that what made France's decolon-

isation special was that it

never decolonised at all. Gen

de Gaulle's message to coun-

South Africa's \$0,000 textile

workers returned to work

yesterday claiming victory

in their week-long pay

strike. A month-long dispute

at the world's largest plati-

num mine also appeared

But with the annual

round of wage talks in full

close to full settlement.

By Roger Matthews

French investment and what was in effect a hard currency: the CFA franc, guaranteed by France's Treasury. Collapsing economies were bailed out by France, which also provided protection

from the ever-present threat of insurrection with nearly 9,000 French troops, stationed across the continent. In return French companies won the lion's share of government contracts and monopolised national markets, boxing potential com-

covert contributors to the electoral campaigns of both right and left. They could also be counted on to support France in international forums such as the United Nations, allowing a small country a disproportionate level of clout, while propping up the campaign to maintain French as a world language.

The cement binding this paternalistic arrangement were the extraordinarily intigeneration of French politicians, businessmen and African leaders. Central African Republic's "Emperor" Jean Bedel Bokassa, called Gen de Gaulle père (father). Gabon's President Omar Bongo was auditioned to see if he was up to the job. Ivory Coast's President Felix Houphouet-

swing the risk of industrial

action remains in other sec-

tors of mining, the railways.

municipal services and the

The average level of pay

settlements last year was

11.5 per cent but, with infla-

tion having eased to 7.5 per

cent and the rand's 20 per

cent fall against the dollar

since February likely to

motor industry.

dence was - you can go it The French in Africa alone and suffer the conse

quences, or you can stay close to your colonial master and profit accordingly. Those who accepted got Congo Central African Republic petitors out of France's "private hunting ground". African presidents were

> ended up spending more time there than at home. The croneyism was not exclusive to the Gaullists. Despite a famous speech in which socialist President François Mitterrand promised to make aid conditional on democratic reform, he turned a blind eye to abuses. His son, in true Foccart style, was friendly with Rwanda's genocidal leader-

Africa workers claim strike victory

The textile workers

claimed vesterday manage-

ments had conceded a fur-

ther 1 per cent pay rise.

Both sides settled on a 9 per

cent rise, 2 per cent more

than initially offered, and 1

per cent below the union

push up costs, employers to normal yesterday at the This followed the murder of

tougher resistance.

were expected to put up Rustenburg platinum mines

ship, among others. This tradition only came under scrutiny in 1993, when Mr Edouard Balladur was appointed prime minister. A technocrat with no Africa links, Mr Balladur had little time for the mutual back-scratching. Mr

Juppé, then foreign minister, concurred, commissioning a among Africa's leadership.

telling report on corruption Trying to scale down its budget deficit and meet Maastricht's criteria for full European Union, Paris was finding bailing out discredited regimes increasingly tiresome. It was time, both men felt, to "normalise" relations with Africa. Word went out that from

now on, aid would go to projects rather than be pumped straight into countries' treasurles. Above all, it would only be awarded to nations meeting International Monetary Fund criteria.

where Anglo American last

month dismissed all 28,000

workers after what it said

Mr Tito Mboweni, the

minister of labour, inter-

vened in the dispute at the

weekend following manage-

ment warnings that the

security situation at the

Work was also returning mine was deteriorating all dismissed workers to

were impossible demands.

dur's term that Paris finally gave in to IMF pressure to devalue the CFA franc by 50 per cent in 1994, a move regarded as overdue by economists but which for many African governments appeared to signal the start of French disengagement.

Later that year, the horrors of Rwanda highlighted the risks of over-intimacy. French support for a geno-cidal regime tarnished Paris in the eyes of the world. By using Zaire as a base for Operation Turquoise, Paris also owed President Mobutu Sese Seko a massive favour. and later felt obliged to resume aid to a country snubbed by the west.

Torn between "normalisa-tion" and "the old ways", French policy, analysts say, is currently swinging from one extreme to another

Thus, promises Parls would not intervene when mercenaries stormed the Comoros were swiftly followed by intervention. An operation in mutiny-hit Central African Republic, initially to save French lives, soon blurred into a Foccartstyle initiative to keep an opopular protegé in power.

'Chirac is caught between his old friendships and the need to move on," says Mr Antoine Glaser, who edits the African newsletter Lettre du Continent. Policy is an ambiguous mixture of paternalism, moralism, friendship and business."

In the long term, the Juppé line appears more likely to triumph, as the burden Africa places on the

a security guard, and a

group of armed men intimi-

dating workers at one of the

between Mr Mboweni, the

mine managements and an

unofficial workers' commit-

tee, it was agreed that the

company would extend until

August 16 the deadline for

reapply for their jobs.

After two days of talks

mine hostels.

Last year Paris provided \$8.4bn in aid - some 0.55 per cent of GDP - to developing countries, most of them African, compared with Britain's 0.28 per cent. A recent report on aid, commissioned by Mr Juppé, is regarded by many as pointing the way ahead.

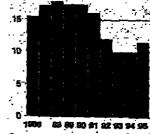
Arguing that France's position in Africa is so strong it does not need a "special relationship" to protect its interests, deputy Yves Marchand called for an end to "tied aid" and the establishment of a level playing field when competing for contracts. Regarded as a trial balloon, the report falls in the Juppé, rather than Foccart tradition.

But for many critics of French policy, the shift will come too late. Favouring the status quo, France has asso-ciated itself indelibly with the likes of Togo's Gnassingbe Eyadema, Cameroon's Paul Biya, Zaire's Mobutu - men with blood on their hands and fat bank

accounts abroad. As was seen in Rwanda where the new regime has nothing but contempt for Paris - young Africans are unlikely to forget France's role once such "dinosaurs" quit the stage.

"In years to come, France will be regarded by Africans as a country that abandoned them economically and at the same time failed to free them from oppression," says Mr Olivier Valle, a specialist on the CFA franc, "From the French side we've gone to a colder, saner relationship. From the African side there's a terrible feeling of disappointment."

South Africa



on Saturday,

## **US** allies over Iran and Libya

By Nancy Dunne

President Bill Clinton yesterday signed a controversial bill imposing new sanctions on Iran and Libya and said he hoped US allies could be persuaded to co-operate with the measures against "two of the most dangerous supporters of terrorism in the world".

The move, which also targets foreign companies making energy investments in Libya and Iran, aroused anger - and prompted warnings of retaliation - from European allies of the US. Germany said the US was taking a "wrong path". France warned the US that the European Union would strike back.

The European Union has fiercely opposed the sanctions and threatened counter-measures. Sir Leon Brittan, vice-president of the European Commission, yes day before falling back.

terday condemned the legis lation because it "establishes the unwelcome principle that one country can dictate the foreign policy of others". The legislation requires the US president to impose

sanctions on foreign companies which invest \$40m or more within a year in the energy sectors of Iran and Libya. He would be required to impose at least two sanctions from options which inchide:

 Import and export bans; Lending embargoes from US banks:

• A ban on US procurement of goods and services from sanctioned companies; A denial of US export fin-

Heightened between Iran and the US has pushed oil prices higher. Brent Blend for September delivery rose to \$19.95 a barrel, up 41 cents from Friday's

## Signs of hope for Israel-Syria talks

in Jerusalem

Mr Benjamin Netanyahu, Israel's prime minister, said yesterday his government had submitted a proposal to Syria to renew peace talks amid speculation about a fresh diplomatic initiative in the Middle East.

The announcement came during Mr Netanyahu's first official visit to Jordan as prime minister, and followed what he called encouraging words from King Hussein of Jordan about Syrla's intention to resume the peace talks. King Hussein met Syrian President Hafez al-Assad

"On our side there is readiness to renew the peace negotiations with Syria," Mr

Netanyahu said. His comments fuelled spec-

ulation that Israel, the US and Jordan were co-ordinat-ing a new initiative to revive comprehensive Middle East peace negotiations.

量子的成功。 五

The Israeli leader said his foreign policy aide had made a new proposal to Syria through the US last Friday. This move followed Mr Netanyahu's so-called "Leba. non first" proposal whereby Israeli troops would withdraw from a south Lebanon occupation zone if pro-Iranian Hizbollah guerrillas were disarmed and Israeli border security guaranteed.

Mr Netanyahu believes the "Lebanon first" proposal, not a formal peace treaty, could build confidence with Syria. He welcomed next week's five-nation committee monitoring a limited ceasefire between Israeli forces and Hizboliah guerrillas.

## **NEWS:** WORLD TRADE

## . Russia loses ground in timber shake-out

Scandinavia has benefited from the market's realignment

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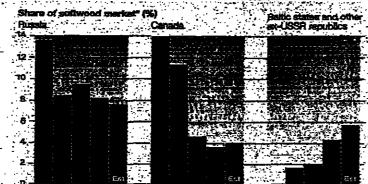
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The collapse of the Soviet Union and the subsequent political and economic disruption in Russia have led to a big realignment of the European timber trade.

Russia's share of softwood exports to the main European markets has almost halved from nearly 14 per cent in 1991 to less than 8 per cent last year, according to figures produced by the Timber Trade Federation of the UK. The main beneficiaries have been Scandinavian countries, which have increased exports as Russian suppliers, struggling to cope with the transfer from state to private ownership, have

Baltic states such as Latvia, Lithuania and Estonia, which previously exported little timber outside the formet Soviet Union, also have seen big rises in foreign case making. Latvia last biggest overseas purchaser

Timber exporters' sales to western Europe: a sharp shift in fortunes



risen from virtually zero in to Meyer International,

sales - mainly by replacing year accounted for almost 10 Canadian exports, which per cent of foreign timber have been diverted to more sales in the UK, Europe's profitable Pacific Rim marbiggest softwood importer. tets. Lithuania and Estonia The European market together accounted for share of the Baltic states has another 3 per cent, according

1991 to approaching 6 per Europe's biggest timber mercent last year.

The countries mainly supply lower grade timber for

Chant.

Meyer began importing Russian timber into the UK construction and pallet and in the 1920s. It remains the

of sawn wood in the country. Russian exports are mostly higher grade joinery timber Meyer, unlike other buyused to make doors, winers, has maintained the prodows, architraves, skirting portion of its imports - 30 per cent - it takes from Rusboards and other products.

volumes, supplied the logs, then bartered or sold the Mr John Dobby, its chief sawn timber and arranged shipping, through a series of executive, says: The fall in according to Meyer. Russian production reflects complex structures.

1991 92 93 94 95

omy while much of its infrastructure has fallen apart. "They have no organised

where in a country which is

trying to switch from a com-

mand to a capitalist econ-

log supply, no money, poor transport and services, no experience of marketing and a banking and political system which is in some disarray. It is difficult to conduct business in this climate and it should be no surprise that some customers have turned to other more secure markets," he says.

Russian exports to western Europe, meanwhile, have slumped from 3.1m cubic metres in 1991 to 1.9m cubic metres last year. Low wood prices have not helped Russian suppliers which lack the balance sheet strength of Scandinavian rivals to remain competitive when

Domestic sales also have slumped. Russian softwood sia. To help struggling mills production is currently running at about 24m cubic it provides money up front metres a year compared with 77m cubic metres in 1988 and to enable them to purchase 62m cubic metres in 1991,

Andrew Taylor

## embraces the cause of free trade

Brussels advocates liberalisation with convert's passion, writes Guy de Jonquières rebutted convincingly - that they were out to create a to their surprise, they are adjusting to the novel notion of becoming leaders, not

stragglers, in the drive for trade policy official. further global liberalisation. Many of the European Union's trade partners will long as the EU continues to embrace a highly protectionist farm policy, restrict Japa-nese car sales and slap antidumping duties on cheap imports, its free-frade cre-

dentials will remain suspect. However, there are clear signs of a shift in EU thinkpower to beef up the multition prepare for a new round not done so.

ment and, more controver—sion. His position there, and sially, labour standards. He in the Council of Ministers, is also seeking stricter disci—has been bolstered by the EU lateral trade rules. plines to prevent the global entry of Finland and Sweeconomy fragmenting into den, whose free-trade attiregional trade blocs, and tudes have belped to offset trade measures to help the the protectionist inclinations poorest countries. By contrast, the US. Japan

which they have not always and many Asian countries ing perception in Brussels important, element. This is Fortress Europe", closed to conference largely as a active international trade effective WTO because it has the rest of the world. Now, stock-taking session. "We policy role. EU officials no attractive alternatives to to their surprise, they are are on the leading edge of openly accuse Washington of open global trade. ation," said one Commission

Meanwhile. Sir Leon has successfully resisted new EU

are taking a low-key that the US has, at least temapproach, viewing the WTO porarily, abandoned an the leading edge of liberalis- dragging its feet in the WTO and on bilateral issues, such as a plan to lower transat-

lantic trade barriers.
US reluctance to play its trade barriers and is work- traditional role as champion need much persuasion that ing discreetly to sheathe of the multilateral trade sysit really has changed. As some of its more aggressive tem has encouraged the EU

> US reluctance to play its role as champion of multilateral trade has encouraged Europe to fill vacuum

markets is particularly success a year ago in rescu- not find concessions easy. and other WTO members in echoed by other countries, lateral trade agenda. Sir remarkable, when weak ing WTO negotiations on France, for instance, balks at pressing for a heavyweight such as France, which are Leon Brittan, the trade com- growth and high unemploy- financial services liberalisa- any public mention of fur- world trade agenda.

missioner, has been demand- ment make it tempting for tion after the US pulled out. ther liberalisation of farm His initiatives have ing for months that Decem- Europe to turn inwards. ber's ministerial meeting of There seem several, closely sial US legislation aimed at the World Trade Organisa- related, reasons why it has penalising foreign invest-

of Mediterranean members.

trade weapons, such as anti- to try to fill the vacuum. Its ing. It is pressing harder dumping policy. willingness to do so has than any other big trading. This drive for more open grown since its unexpected

More recently, controver- trade. ment in Cuba, Iran and of negotiations to lower One is Sir Leon's personal Libya has emboldened the trade barriers.

Cone is Sir Leon's personal Libya has emboldened the trade barriers.

EU to take a firm stand He is urging the WTO to eral and a dominant figure against Washington. Brustackle new issues, including in an otherwise largely sels has rebuked the US, not competition policy, invest undistinguished Commis- just for threatening Euro-

The unexpectedly strong support from member states for a tough EU response in these disputes also appears to have underpinned the Another factor is the grow- third, and perhaps most

the dawning realisation that Europe needs a strong and

Under the communist sys-

tem the state agreed annual

Although the EU has a web of bilateral trade links with other countries, they account for a tiny share of world trade. There are growing complaints in Brussels that European exporters have been put at a disadvantage by the North American Free Trade Agreement and fears that they will face dis-crimination from other emerging trade groupings, above all in Asia.

Hence the EU's growing determination to promote the WTO as the best safeguard of its own interests.

accepts privately that WTO such as his call for WTO disnegotiations on the issue are inevitable in the next few rights - risk opening divi-years. risk opening divi-

often protectionist car- Furthermore, there are susmakers seem resigned to the removal of EU quotas on Japanese marques in 1999, as plannèd.

Nonetheless, there are plenty of obstacles which could throw the EU's drive for freer trade off track. Some observers think Sir Leon may be getting too far However, some EU legal



Sir Leon; seeks new round of talks to lower trade barriers

True, many members still do ahead of EU governments experts think they may be

His initiatives have yet to be endorsed by the Council Yet EU officials say Paris of Ministers and some cussions on trade and labour They also say Europe's important trade partners. picions that his proposals for a rapid and robust EU response to controversial US trade legislation could involve an attempt to expand the EU's powers at

the expense of its members. So far, only the UK has voiced such doubts openly.

equally insistent on sovereign prerogatives. Such disagreements could complicate EU efforts to present a united front to the US.

Some also think Sir Leon's scathing attacks on US trade policy may have gone too far. Though they have belped rally support from EU governments, they have infuriated Washington.

Most trade policy-makers in Brussels are too buoyed up by their new-found sense of purpose to dwell on such misgivings. It should become clearer in the autumn whether their confidence is

WORLD TRADE NEWS DIGEST

## Burma hits back at European beer companies

Burma yesterday banned all imports of Heineken and Carlsberg beers in a retaliatory action against the two brewers which last month withdrew their investment in Burma. State-run radio said that the Ministry of Finance and Revenue issued an order banning the imports of beer and that they would be confiscated if they were found on sale in restaurants or stalls.

Heineken and Carlsberg pulled out of Burma following intense lobbying by human rights activists who protested against the country's human rights record.

Heineken withdrew its \$30m investment plan for a new brewery in Burma after boycott threats. Carlsberg also announced it was dropping plans to invest in a brewery in

Heineken had the largest share of Burma's beer market, with about 35-40 per cent of consumption. Foreign Staff

#### Seoul anxious on 'open skies'

South Korean government officials yesterday said it was unlikely that North Korea would allow overflights from South Korean airlines, despite its agreement with the International Air Transport Association (lata) to open its skies to world airlines.

lata, which represents 235 airlines accounting for some 95 per cent of all international scheduled flights, said the way was cleared last week for the opening North Korea's airspace in December.

Under the accord with Pyongyang's General Administration of Civil Aviation (Gaca), Iata will collect overflight fees to be used for upgrading air traffic control services.

lata said its agreement with North Korea would save aviation companies operating in the region more than \$125m a year in fuel costs by reducing flying time. Analysts said that Pyongyang's move towards open skies was prompted by its desire to open its northeastern free trade zone of Rajin-Sonbong to foreigners. Foreign Staff

#### Australia, NZ in TV talks

The New Zealand and Australian television industries are reviewing the scope of access to the Australian networks following a federal court ruling that the Australian Broadcasting Authority's "local content" quotas should be changed to include New Zealand programming.

The issue has been a cause of friction for some time, and has featured in top-level ministerial talks. Australia and New Zealand have a free trade agreement – known as 'Closer Economic Relations" - and New Zealand has argued that this should allow their programming to qualify as "local content" in the larger country.

ABA quota rules require that a minimum percentage of programming put out by commercial broadcasters between 6am and midnight be sourced from Australia, and that a given amount of first-release local drama is also screened. The court ruling said that the ABA standards were in conflict with the CER protocol, which states that provision of services includes "access to and use of domestic distribution systems". Nikki Tait, Sydney

#### Qatar-Japan loan accord

The Qatar Liquefied Gas Company (Qatargas) has signed ı \$550m loan agre eent with Export-Import Bank of Japan to finance the third gas train project at Ras Laffan under construction by Japan's Chiyoda Corporation.

The loan will cover 70 per cent of the project's costs, with the remainder funded by Qatargas's shareholders The 12-year loan includes a two-year grace period. The limited recourse financing agreement came 15 months after Qatargas secured \$2bn worth of Japanese financing for the first two trains on its integrated gas project.

The first train on the Qatargas development is scheduled to begin operations in September, and will be followed in early 1997 by train two. The first liquefied natural gas (LNG) carrier is due to be loaded in December this year. Qatar's offshore North Field is the world's largest single reservoir of natural gas, with estimated reserves of 7,100bn cubic metres.

It has made Qatar the third top gas power in the world after Russia and Iran.

#### INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985-100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values. ■ UNITED STATES ■ JAPAN

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	1987 1988	112.5	110.7	5.4	104.9	100.2	122.8	113.1	2.5	135.9	96.6	110.5	108.3	6.2	185.1	95.6
	1989	115.4	112.4	5.2	97.9	99.1	132.5	119.7	2.2	. 147.0	98.7	114.2	111 <i>A</i>	5.6	219.5	97.7
	1990	116.2	1124	5.5 8.8	82.7	95.3 100.2	141.7	124.5	21	149.8	95,6	123.5 130.5	117,2 117,9	4.8 4.2	261.9 297.9	98.2 95.1
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	1994	130.9	125.1	6.0	79.0	112.9	129.6	114.5	29	102.2	104.6	120.4	113.9	8.8	240.4	103.5
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	September	2.9	3.1.	5.8	77.8	111.0 110.8	1.8	1.7	3.2 3.2 3.4	105.4	107.7		-1.3 -3.3		261.3 258.0	100.4
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	, March April	4.7	2.6	5.4.	76.2	.115.8	مد 	0.2	3.4	117.7	110.1		-0.6		285.5	100.4
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	June		3.5	<u> </u>	16.7		·	0.6					0.5			——I
£.	}[ June	■ FR	ANCE	<u> </u>		<u> </u>	S ITAL	. <b>Y</b>						INGDO		
e hane f	)[	■ FR	<u> </u>	Uponp-	Vacancy	Composite leading		. <b>Y</b>		Japang- mananak	Composite		TED K	Unamp-	Mi Manager	Composite
of hope f	)[ June	Retail males	<u> </u>	Upamp- leyenant rate		Composite Section	E ITAL	Y Industri		Intelligi- operand zako	Composite leading indicator	Retail states		INGD Unamp- leyment rate	Mi	indicator
s of hope f	June 1985	Salak Salas	ANCE	10.3	Vacancy rate Indicates	indicator 89.4	Sheet saled Solest 100J	y Industri production	<u>.</u> .0	9.6	institutes Institutes 88,4	Retail selec rolesse 100.0	IND K	Unamp- loyment rate 11.2	Vacancy min indicator 100.0	indicator 90.2
s of hope f	June   1985   1966	Retell peles yellos 100.0 102.4	ANCE industrial production 100.0 101.1	10.3 10.4	Vecancy rate Indicated 100.0 107.0	indicator 89.4 95.5	Parties refer soluti 1900 1906	y Industri production 0 100. 8 104.	<u></u>	9.6 10.4	inclinator 88.4 94.5	Total selec rolessa 100.0 105.3	ITED K industriel production 100.0 102.5	Unamp Joyanni rate 11.2 11.2	thomay rate indicator 100.0 118.1	indicator 90.2 92.8
s of hope f	1985 1986 1987	100.0 102.4 104.5	ance industrial production 100.0 101.1 103.1	10.3 10.4 10.5	100.0 107.0 117.2	59.4 95.5 95.3	100. 106. 112.	y Industri p productik 0 100. 8 104. 1 108.	<u>**                                    </u>	9.6 10.4 10.9	88.4 94.5 96.1	Retail selec relates 100.0 105.3 110.8	industrial production 100.0 102.5 106.5	11.2 11.2 10.3	Minutes Indicator 100.0 118.1 141.0	90.2 92.8 96.5
s of hope f	1985 1986 1987 1988	100.0 102.4 107.9	ance individual production 100.0 101.1 103.1 107.3	10.3 10.4 10.5 10.0	Vecancy rate Indicated 100.0 107.0	59.4 95.5 95.3 100.1 99.8	Parties refer soluti 1900 1906	y Industri p production 0 100. 8 104. 1 108. 9 114.	<u>**</u>	9.6 10.4	88.4 94.5 96.1 100.5 98.6	Total selec rolessa 100.0 105.3	ITED K industriel production 100.0 102.5	Unamp Joyanni rate 11.2 11.2	thomay rate indicator 100.0 118.1	indicator 90.2 92.8
s of hope for	June 1985 1966 1967 1968 1988 1989	100.0 102.4 104.5	ance industrial production 100.0 101.1 103.1	10.3 10.4 10.5 10.0 9.4 8.9	100.0 107.0 117.2 135.3 160.6 163.2	59.4 95.5 95.3 100.1 99.8 95.0	100, 106, 106, 112, 107, 116, 114,		2 7 0	9.6 10.4 10.9 10.9 10.9 10.9	88.4 94.5 96.1 100.5 98.6 95.3	100.0 105.3 110.8 117.8 120.1 121.1	INCOME IN	11.2 11.2 10.3 8.6 7.2 6.9	thomay min pidenter 100.0 118.1 141.0 144.0 124.3 97.8	90.2 92.8 96.5 96.2 94.6 92.3
s of hope f	1985 1986 1987 1988 1988 1990 1991	100.0 102.4 104.5 197.9 109.5 110.4 110.3	ANCE Industrial production 100.0 101.1 107.3 111.3 112.8 111.4	10.3 10.4 10.5 10.0 9.4 8.9 9.4	Vacancy rate 100.0 107.0 117.2 135.3 160.6 163.2 128.2	99.4 95.5 95.3 100.1 99.8 95.0 96.3	100. 106. 106. 112. 107. 116. 114. 110.		50 11 88 22 7	9.6 10.4 10.9 10.9 10.9 10.3 9.8	88.4 94.5 96.1 100.5 98.6 95.3 97.5	100.0 105.3 110.8 117.8 120.1 121.1 121.1	Industrial production 100.0 102.5 106.5 111.6 114.0 113.7 109.5	11.2 11.2 11.2 10.3 8.6 7.2 6.9 8.8	Vacancy nate Helicator 100.0 116.1 141.0 124.3 97.8 68.6	90.2 92.8 96.5 96.2 94.6 92.3 95.3
s of hope f	1985 1986 1987 1988 1988 1980 1991 1992	100.0 102.4 104.5 187.9 109.5 110.4 110.3	Indexted production 100.0 101.1 103.1 107.3 111.3 111.4 110.0	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4	Vacancy rain 100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5	59.4 95.5 95.3 100.1 99.8 95.0 96.3 94.8	100, 106, 112, 107, 116, 114, 110,	Instanti   Instanti	50 11 18 22 77 10 9	9.6 10.4 10.9 10.9 10.9 10.3 9.8 9.8	88.4 94.5 96.1 100.5 98.6 85.3 97.5 94.5	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4	Industrial production 100.0 102.5 106.5 111.6 114.0 113.7 109.5 109.4	11.2 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1	thomay min helicator 100.0 116.1 141.0 144.0 124.3 97.8 68.6 69.6	90.2 92.8 96.5 96.2 94.6 92.3 95.3 97.7
s of hope f	1985 1986 1987 1988 1988 1990 1991 1991 1992 1993	100.0 102.4 104.5 197.9 109.5 110.4 110.5 110.5	Industrial production 100.0 101.1 103.1 107.3 111.3 111.4 111.4 110.0 106.8	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.7	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	89.4 95.5 95.3 100.1 99.8 95.0 96.3 94.8 96.2	100. 106. 106. 112. 107. 116. 114. 110.		50 11 88 22 77 00 99	9.6 10.4 10.9 10.9 10.9 10.3 9.8	88.4 94.5 96.1 100.5 98.6 95.3 97.5 94.5 101.3	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4 120.4	Industrial production 100.0 102.5 106.5 111.6 114.0 113.7 109.5 109.4 111.8	Unamployment min 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4	Vacancy nate Helicator 100.0 116.1 141.0 124.3 97.8 68.6	90.2 92.8 96.5 96.2 94.6 92.3 95.3
s of hope for the state of the state of hope for the state of the stat	1985 1986 1987 1988 1989 1990 1991 1992 1993 1994	100.0 102.4 104.5 187.9 109.5 110.4 110.3	Indexted production 100.0 101.1 103.1 107.3 111.3 111.4 110.0	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4	Vacancy rain 100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5	59.4 95.5 95.3 100.1 99.8 95.0 96.3 94.8	100, 106, 107, 116, 114, 110, 116, 116, 116,		0 1 8 2 7 0 9 4	9.6 10.4 10.9 10.9 10.9 10.3 9.8 9.8	88.4 94.5 96.1 100.5 98.6 85.3 97.5 94.5	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4	Industrial production 100.0 102.5 106.5 111.6 114.0 113.7 109.5 109.4	11.2 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1	100.0 118.1 141.0 124.3 97.8 68.6 76.5	90.2 92.8 96.5 96.2 94.6 92.3 95.3 97.7 104.6
s of hope for the state of the state of hope for the state of the stat	1985 1986 1987 1988 1988 1990 1991 1992 1993 1994 1995	Retail pales 100.0 102.4 104.5 197.9 109.5 110.4 110.3 110.7 110.7 110.5	ANCE Industria production 100.0 101.1 107.3 111.3 112.8 111.4 110.0 106.8 110.0 111.7	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.7 12.3 11.8	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	99.4 95.5 95.3 100.1 99.8 95.0 96.3 94.8 96.2 101.5	100, 106, 112, 107, 116, 114, 110, 116, 114, 116,		0 1 1 8 2 7 0 9 4 0 5 2	9.6 10.4 10.9 10.9 10.9 10.3 9.8 9.8	88.4 94.5 96.1 100.5 98.6 85.3 97.5 94.5 101.3 103.3 101.8	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4 123.9 128.5	TED K industrial production 100.0 102.5 1106.5 111.6 114.0 113.7 109.5 109.4 111.8 117.4 120.4	Unamployment min 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5	100.0 118.1 141.0 124.3 97.8 68.6 68.6 69.5 76.5 93.9 107.9	90.2 92.8 96.5 96.5 96.2 94.6 92.3 95.3 97.7 104.6 107.2 105.4
s of hope for the state of the	1985 1966 1967 1968 1988 1989 1991 1992 1993 1994 1995 3rd qtr.1985	100.0 102.4 104.5 187.9 109.5 110.4 110.3 110.5 110.7	ANCE: adultal production 100.0 101.1 103.1 107.3 112.8 111.4 110.0 106.8 110.0 111.7 0.2 -2.1	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.7 12.3 11.8	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	95.3 100.1 95.3 100.1 99.8 95.3 94.8 96.2 101.5 97.0	100.0 106.112. 107.116.114.110.116.116.116.116.116.116.116.116.116	Industrian   Ind	0 1 1 8 2 7 0 9 9 4 0 5 2	9.6 10.4 10.9 10.9 10.9 10.3 9.8 9.8 10.2 11.1	88.4 94.5 96.1 100.5 98.6 85.3 97.5 94.5 101.3 101.8	100.0 105.3 110.8 117.8 120.1 121.1 121.4 120.4 123.9 128.5 128.5	TED K Instantia production 100.0 102.5 106.5 114.0 113.7 109.5 109.4 111.8 117.4 120.4	tham- legenant rate 11.2 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5 8.7 8.7 8.7	helicator 100.0 141.0 124.3 97.8 68.6 76.5 93.9 109.5 111.7	90.2 92.8 96.5 96.2 94.6 92.3 95.3 97.7 104.6 107.2 105.4
s of hope f	1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 3rd qtr.1995 4th qtr.1995	Retal pulse spirms 100.0 102.4 104.5 107.9 109.5 110.4 10.3 110.5 110.7 110.7 110.5 0.2	ANCE: hebelful production 100.0 101.1 103.1 107.3 111.3 111.4 110.0 106.8 110.0 111.7	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.7 12.3 11.8	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	99.8 95.0 96.3 95.3 100.1 99.8 95.0 96.3 94.8 96.2 101.5 97.0	100. 106. 112. 116. 116. 114. 110. 116. 117. 107.		0 1 1 8 2 7 0 9 9 4 0 5 2	9.6 10.4 10.9 10.9 10.9 10.3 9.8 9.8 10.2 11.1	88.4 94.5 96.1 100.5 98.6 85.3 97.5 94.5 101.3 103.3 101.8	100.0 105.3 110.8 117.8 120.1 121.1 121.1 121.4 120.4 123.9 128.5 128.9	TED K industrial production 100.0 102.5 106.5 111.6 114.0 113.7 108.5 109.4 117.4 120.4 1.8 1.3	11.2 11.2 10.3 8.6 7.2 6.9 8.5 10.1 10.4 9.5 8.7	100.0 118.1 141.0 124.3 97.8 68.6 69.6 93.9 107.9	90.2 92.8 96.5 96.5 96.2 94.6 92.3 95.3 97.7 104.6 107.2 105.4
s of hope for the syria tal	1985 1966 1967 1968 1988 1989 1991 1992 1993 1994 1995 3rd qtr.1985	Retail pales 100.0 102.4 104.5 107.9 109.5 110.4 110.3 110.7 110.7 110.7 12.5 10.7 12.5 10.7 10.7 10.7 10.5 10.5 10.5 10.5 10.5 10.5 10.5 10.5	ANCE: adultal production 100.0 101.1 103.1 107.3 112.8 111.4 110.0 106.8 110.0 111.7 0.2 -2.1	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.7 12.3 11.8	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	######################################	100. 100. 106. 112. 107. 118. 114. 110. 118. 107. 102.		01827700944006622	9.6 10.4 10.9 10.9 10.9 10.3 9.8 10.2 11.1	88.4 94.5 96.1 100.6 95.3 97.5 101.3 103.3 101.5 102.6 90.5	100.0 105.3 110.8 117.8 120.1 121.1 121.1 121.4 123.9 128.5 129.9	TED K isdestrict 100.0 102.5 109.5 111.6 114.0 113.7 109.4 111.8 117.4 120.4	0 ham- legenet not not not not not not not not not no	100.0 116.1 141.0 144.0 124.3 97.8 68.6 69.6 97.5 93.9 107.9 109.6 111.6 121.3	90.2 92.8 96.2 94.6 96.2 94.6 92.3 95.3 97.7 104.6 107.2 105.4
s of hope f	1985 1986 1987 1988 1988 1990 1991 1992 1993 1994 1995 3rd qtr.1995 4th qtr.1995 1st qtr.1996 2nd qtr.1998	Retail pales 100.0 102.4 104.5 107.9 109.5 110.4 110.3 110.7 110.7 110.7 12.5 10.7 12.5 10.7 10.7 10.7 10.5 10.5 10.5 10.5 10.5 10.5 10.5 10.5	ANCE   Industrial production   100.0   101.1   103.1   107.3   111.8   111.8   110.0   106.8   110.0   105.8   110.0   105.8   110.0   105.8   100.0	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.7 12.3 11.8 11.8 11.9	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	######################################	100. 100. 107. 112. 114. 116. 116. 116. 117. 107.		0 1 1 8 2 7 0 6 2 8 7 7 5	9.6 10.4 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.2 11.1	94.5 94.5 96.1 100.5 98.6 85.3 97.5 94.5 101.3 101.8 102.6 101.8 98.8	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4 123.9 128.5 129.9 0.5 1.2 2.1 2.8	TED K ladaritic production 100.0 102.5 108.5 111.6 113.7 109.4 117.8 117.4 120.4 1.9 1.8 1.3 1.1	0 heary- layment min 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5 8.7 8.7 8.7 8.7	100.0 118.1 141.0 124.3 97.8 68.6 68.6 76.5 93.9 107.9 109.6 111.7 111.6 121.3	Nation 105.4 105.5
s of hope f	1985 1986 1987 1988 1988 1980 1991 1992 1993 1994 1995 3rd qtr.1995 4th qtr.1995 2nd qtr.1996 2nd qtr.1996	100.0 102.4 104.5 197.9 109.5 110.4 110.5 110.7 110.7 110.7 110.5 0.2 -2.5 0.7	ANCE:  adultal production 100.0 101.1 103.1 107.3 111.3 112.8 111.4 110.0 106.8 110.0 111.7 0.2 -2.1 -0.4	10.3 10.4 10.5 10.0 9.4 8.9 8.4 10.4 11.7 12.3 11.8 11.9 12.2	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	######################################	1000 106, 112, 116, 116, 116, 116, 116, 116, 11	Industria   Indu	0 1 1 8 2 7 0 8 4 0 5 2 8 7 5 5 2	9.6 10.4 10.9 10.9 10.9 10.3 9.8 9.8 10.2 11.1	88.4 94.5 96.1 100.5 98.6 85.3 97.5 101.3 101.8 102.6 101.8 98.5	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4 123.9 128.5 128.9 0.5 1.2 2.1 2.6 1.2	TED K Instable production 100.0 102.5 106.5 111.6 114.0 113.7 109.4 111.8 117.4 120.4 1.9 1.8 1.3 1.1	0 ham- lyment min 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5 8.7 8.6 8.4	homey min   100.0 118.1 141.0 144.0 97.8 68.6 76.5 93.9 107.9 109.6 111.7 111.6 121.3 108.8 108.1 108.1	Nation 105.4 105.5 106.2 106.5 106.2
s of hope f	1985 1986 1987 1988 1988 1990 1991 1992 1993 1994 1995 3rd qbr.1995 487 qbr.1995 181 qbr.1995 2nd qbr.1998 July 1995 August Saptember	100.0 102.4 104.5 187.9 109.5 110.5 110.5 110.7 110.7 110.7 110.7 1.0.7 1.0.7 1.0.7 1.0.7 1.0.7	ANCE:  ladachia 100.0 101.1 103.1 107.3 112.8 112.8 111.0 106.8 110.0 111.7 0.2 -2.1 -0.4	10.3 10.4 10.5 10.0 9.4 8.9 9.4 11.7 12.3 11.8 11.8 11.8 11.8 11.8 11.8	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	######################################	100. 100. 107. 112. 114. 116. 116. 116. 117. 107.		00 18 22 70 99 40 52 87 75	9.6 10.4 10.9 10.9 10.9 10.9 10.9 10.9 10.9 10.2 11.1	94.5 94.5 96.1 100.5 98.6 85.3 97.5 94.5 101.3 101.8 102.6 101.8 98.8	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4 123.9 128.5 129.9 0.5 1.2 2.1 2.8	TED K  ladaritic production 100.0 102.5 108.5 111.6 114.0 113.7 109.4 111.8 117.4 120.4 1.9 1.8 1.3 1.1	0 heary- layment min 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5 8.7 8.7 8.7 8.7	100.0 118.1 141.0 124.3 97.8 68.6 68.6 76.5 93.9 107.9 109.6 111.7 111.6 121.3	Number   N
s of hope f	1985 1986 1987 1988 1989 1991 1992 1993 1994 1995 3rd qtr.1995 4th qtr.1995 4th qtr.1995 2nd qtr.1996 2nd qtr.1998 July 1995 August September October	100.0 102.4 104.5 167.9 109.5 110.4 110.5 110.7 110.7 110.7 110.7 110.7 110.7 110.7 110.7 110.3 110.5 110.7 110.7 110.7 110.5	ANCE:  adultal production 100.0 101.1 103.1 107.3 111.3 112.8 111.4 110.0 106.8 110.0 111.7 0.2 -2.1 -0.4	10.3 10.4 10.5 10.0 9.4 8.9 8.4 10.4 11.7 12.3 11.8 11.9 12.2	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	**************************************	1000 106, 112, 116, 116, 116, 116, 116, 116, 11		00 18 22 70 94 00 62 87 75 32 04 33	9.6 10.4 10.9 10.9 10.9 10.3 9.8 10.2 11.1 12.1	88.4 94.5 96.1 100.6 85.3 97.5 101.3 101.8 101.8 102.6 101.8 90.5	100.0 105.3 110.8 117.8 120.1 121.1 121.1 123.9 128.5 129.9 0.5 1.2 2.1 2.8 1.2 2.1 0.4	TED K Instable production 100.0 102.5 106.5 111.6 113.7 109.4 111.8 117.4 120.4 1.9 1.3 1.1 2.5 1.4 1.7 1.0 2.3	11.2 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5 8.7 8.6 8.7 8.6 8.7 8.6 8.7	100.0 116.1 141.0 124.3 97.8 68.6 76.5 93.9 107.9 109.6 111.7 111.6 121.3 106.8 111.9 111.9 112.7	Number   N
s of hope f	1985 1986 1987 1988 1988 1990 1991 1992 1993 1994 1995 3rd qbr.1995 487 qbr.1995 181 qbr.1995 2nd qbr.1998 July 1995 August Saptember	100.0 102.4 104.5 187.9 109.5 110.5 110.5 110.7 110.7 110.7 110.7 1.0.7 1.0.7 1.0.7 1.0.7 1.0.7	ANCE: laduction 100.0 101.1 103.1 107.3 111.8 112.8 110.0 105.8 110.0	10.3 10.4 10.5 10.0 9.4 8.9 9.4 10.4 11.2 11.8 11.9 12.2 11.8 11.8 11.8 11.8 11.8 11.8	100.0 107.0 117.2 135.3 160.6 163.2 128.2 109.5 90.0	######################################	100.000 100.00		00 18 18 22 70 99 40 52 28 77 55	9.6 10.4 10.9 10.9 10.9 10.9 9.8 9.8 10.2 11.1 12.1	94.5 94.5 96.1 100.5 98.6 85.3 97.5 94.5 101.3 101.8 102.6 101.8 98.5	100.0 105.3 110.8 117.8 120.1 121.1 119.4 120.4 123.9 128.5 129.9 0.5 1.2 2.1 2.8 1.2 2.1 2.8	TED K  ladaritic production 100.0 102.5 108.5 111.6 114.0 113.7 109.4 111.8 117.4 120.4 1.9 1.8 1.3 1.1	0 hear- lyment nin 11.2 11.2 10.3 8.6 7.2 6.9 8.8 10.1 10.4 9.5 8.7 8.7 8.6 8.4 8.8 8.7 8.7 8.7 8.7 8.7 8.7 8.7 8.7 8.7	100.0 116.1 141.0 124.3 97.8 68.6 68.6 76.5 93.9 107.9 109.6 111.7 111.6 106.8 106.1 111.9	Number   N

All series assecrably adjusted. Statistics for Germany apply only to western Germany, Bata supplied by Datastriats and WEFA. Retail sales volume: data from national government sources except lepen and Rely (major outlets only) and Japan (department stores only). Industrial preductions data from national government sources, traductor middle statement of the production data from national government sources, traductor middle statement of the production data from national government stores only). Industrial production data from national government stores only) industrial contained and statement of the statement of the statement of the data statement of the data as a possible or the different definitions of unemployment rate of the different of the data of the data statement of the data

#### **Bell Canada Appointment Notice**



Bell Canada is pleased to announce the appointment of David W. Drinkwater as Group Vice-President -- Law.

Prior to joining Bell Canada, Mr. Drinkwater was the Managing Partner of Osler Renault, based in the U.K., where he specialized in general corporate and business law. Previously, Mr. Drinkwater was a partner at Osler, Hoskin & Harcourt in Toronto. Mr. Drinkwater brings to Bell an expert knowledge of corporate finance, mergers and acquisitions, and joint ventures, both in the Canadian and international

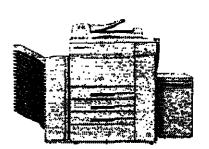
Mr. Drinkwater has been an active speaker and writer on corporate and securities law matters. He has acted as the Secretary to the Toronto Stock Exchange Committee on Corporate Governance in Canada and is a prior chair of the Securities Advisory Committee to the Ontario Securities Commission.

Graduating from the London School of Economics in 1974, Mr. Drinkwater earned a master's degree in law. He also holds undergraduate degrees in law from Dalhousie University and in business from the University of Western Ontario.

Mr. Drinkwater is a member of the Canadian Bar Association, the Canada-UK Chamber of Commerce, the Law Society of Upper Canada, the American Bar Association, the International Bar Association, and the Law Society of England and Wales.



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SHARP

## Industrial output suffers big fall

**Economics Editor** 

biggest fall in output for change when they drew up three and a half years in the estimate of economic June, giving the chancellor growth in the second quarof the exchequer useful ammunition if he wishes to argue for another cut in UK

Industrial production fell by 1.1 per cent in June, the Office for National Statistics sion: with output stagnated said yesterday. It was the in the second quarter followbiggest monthly drop since November 1992 and included falls in factory output, oil and gas extraction and

By Robert Taylor,

In an escalation of Britain's

increasingly bitter postal dis-

the Post Office's monopoly

of the letter delivery service

was to be suspended from

midnight last night for an

Mr Ian Lang, the trade and

industry minister, said the

decision of the Communica-

tion Workers' Union to call a

further four 24-hour stop-

pages had left him with "no

alternative". He added that

if the dispute was not

initial one month period.

**Post Office** 

loses monopoly

as strikes go on

factory output in June surprised statisticians who had British industry suffered its assumed there would be no ter, published last month.

Recent surveys had suggested factories might be stepping up production again. But manufacturing remains in a technical recesing falls in the two preced-

ing quarters.
"We have seen another delay in the second-half eco-nomic expansion," said Mr

Europe. "The 3 per cent turing contracted. growth in 1996 manufacturing output, forecast by the Treasury in the summer forecast, will not be achieved

from a standing start." The statistics office estimated for the seventh successive month that the underlying trend in factory output and the broader measure of industrial production were flat.

In manufacturing, output rose in the second quarter in neering and food, drink and tobacco industries. But coke.

Most City economists concluded the figures did not justify another cut in base rates from their current 5.75 per cent, especially as separate figures showed that cash circulating in the economy continues to grow.

a seasonally adjusted 0.6 per cent in July, the Bank of England said, following a 0.9 per cent rise in June. The annual rate of increase has reached 7.1 per cent, the

sure M0 - which also includes banks' balances at the Bank of England - fell slightly, from 7.4 to 7.1 per cent. "The continued buoyancy of narrow money in spending remains reasonably strong," said Mr Mich-

broad and narrow money supply in tomorrow's quarterly inflation report. Interest rates have been cut since the last report, but economic



Plans to introduce a new system of telephone codes, including new codes for London and four other big cities, were announced yesterday by Oftel, the telephone industry regulator. just 16 months after the last



"The UK is at the forefront of the information revolution because we have one of the world's most competitive and dynamic markets in telecommunications net-works and services," he said, "If we are to maintain our leading position and reap the rewards that flow from that, our numbering scheme must keep pace.

Telephone

users face

numbering

Oftel's proposals, which also include measures to sort out inconsistencies and "tidy-up" mobile telephone and other numbers such as specially tariffed services and premium rate calls, would initially mean new codes for London, Cardiff, Portsmouth, Southampton and Belfast.

He said these areas were running out of numbers and required "urgent" action within the next five years. Oftel also believes that between 25 and 30 other areas will require more numbers over the next 15 to 20 years.

News of the proposed dialling code plans – which will now be subject to a period of public consultation from politicians, telephone

received a mixed response users and business leaders who bore the brunt of the estimated £1bn (\$1.56bn) cost of last year's overhaul.

Editorial Comment, Page 11



First step: Gavin Casey, London Stock Exchange chief executive, yesterday on the first day in his new job. Mr Casey replaced Michael Lawrence, who left the exchange in January

## Lloyd's Names win right to challenge recovery plan

By Raiph Atkins. Insurance Correspondent

Rebel Lloyd's of London cial review next week.

Names' Action Group, representing Names – individuals whose assets have traditionally supported the market who have met their Lloyd's commitments, hailed the High Court ruling. It said it was "a historic moment which vindicates the deter- that Lloyd's is acting beyond pay debts at the market.

Mr Derek Allen, director of

taxation at the institute.

said: "Unless it is reconsid-

ered and withdrawn there

must be concern that it

could lead to reduced com-

The Institute of Chartered

Accountants in England and

Wales said the government's policy was "retrospective

The government action

was a response to the grow-

ing problem of VAT refund

claims from big companies, which could lead to millions

of pounds of wrongly col-

lected VAT being returned

and inequitable".

pliance and even rebellion."

mination of our members". its statutory powers and that A hearing will start on Monday and is expected to last three days. Judgment is expected well ahead of the August 28 deadline by which Names must decide whether to accept the market's recovery plan, which includes a £3.2bn out-of-court settle-

Lloyd's – which rejects the action group's case - did not object to the application being heard, saying that it was "essential" that its arguments in favour of the recov-

paid Lloyd's debts, often by borrowing heavily, are being disadvantaged compared to those who did not, and would benefit from having debts written off. Other rebel Lloyd's Names are considering alternative

the recovery plan is unfair.

#### UK NEWS DIGEST

## March diverted in N Ireland

Electrolux fall

, sales softe

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Ten Cong

100 A Free 1-50.

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أيغه كالمنسان

The Royal Ulster Constabulary, the Northern Ireland police force, yesterday re-routed Saturday's Apprentice Boys parade by loyalists in Belfast, raising hopes that nationalists in Londonderty might drop objections to a bigger Apprentice Boys march in Londonderry on the

The move came as Mr John Hume, the local MP for the moderate, nationalist Social Democratic and Labour party, met with the Londonderry Apprentice Boys and representatives of the nationalist Bosside residents' group in a final attempt to avoid the ugly clashes which broke out last month when police forced a protestant Orange-

men's march through a Catholic estate in Portadown.

The secretary of the Apprentice Boys voiced optimism that an agreement could be found. Mr David Nicholl, of Ulster Community Action Network, 2 voluntary group which has helped mediate the dispute predicted "a compromise is in the offing." The police decision to re-route the Ormeau Road march was described as "deplorable" by

On Saturday, the Belfast marchers together with other Apprentice Boys will be bussed afterwards to indonderry, where there are expected to be around 10,000 supporters to mark the siege of Protestants in the city by the Catholic King James II in the late seventeenth John Murray Brown, Dublin

#### OIL TECHNOLOGY

#### Platform to be refloated

Phillips Petroleum says it intends to refloat its 110,000 tonne Maureen platform in the North Sea as part of a plan to sell the structure for reuse elsewhere in the world. If successful, it would be the world's first refloating of a gravity-based platform.

Executives from Phillips, a US-based oil company, said that the £550m (\$858m) steel platform, which was lowered to the sea bed 155 miles north-cast of Aberdeen in 1983. was designed to be refloated in one piece.

Mr Geoff Tilling of Phillips said raising Maureen, which would cost about £30m, would be "an insurable event". Phillips says the ideal solution would be to move to another site in the North Sea or elsewhere as an oil production and storage facility but it could also be modified

#### NORTH SEA

#### Capital spending 'to fall sharply'

Capital spending on new North Sea oil and gas projects is expected to fall sharply after the turn of the decade, according to findings published by Wood Mackenzie, the Edinburgh-based energy consultants, in its annual analysis of UK offshore trends.

A forecast fall in the number of probable projects and a decline in size of those that do emerge could cause capital spending to fall below £1bn (\$1.56bn) in real terms in the early years of the next decade, it says. Total offshore capital spending last year was more than £5bn, and is expec-ted to stay above £3.5bn over the next few years as a large number of new fields move towards production.

Wood Mackenzie said 50 new fields could receive gov-

ernment development approval in the short to medium term, with total development costs estimated at around £7.2bn. That is a third less than the £10.5bn which it estimated would be spent on the 67 probable fields identified Robert Corxine, London

#### ■ WELFARE ·

#### Benefit claims reduction trebled

More than 300,000 unemployed people have had their benefit cut during the past 12 months under stricter government enforcement of conditions for receiving state financial support.

This is the main finding of a study on the impact of per-formance targets introduced in the Employment Service n Anril 1994. It was carried out by the indepe Unemployment Unit and published yesterday. The figures reflect a trebling in two years in the number of unemployed who are deprived of some benefit.

The unit says the dramatic increase in the number of jobless facing benefit sanctions results from the performance targets set for Employment Service staff. The report adds that "over-zealous managers have dramatically overshot" the annual figures set by the government to ensure they secure performance-related pay increases.

#### ■ TELECOMMUNICATIONS

#### Crackdown on prostitutes' adverts

British Telecommunications is to alter the terms and conditions for residential customers renting more than 20 million telephone lines in an attempt to crack down on prostitutes' advertisements in telephone boxes. About 150,000 cards are removed from kiosks in central London every week. The initiative, also supported by other telephone service operators, will result in BT being able to block the in-coming telephone calls of prostitutes who persistently place cards in payphones. Lisa Wood, London

#### three months. The union's executive committee said it had decided unanimously to go ahead with today's stoppage. and call five further 24-hour strikes covering shifts over August 6-7, 14-15, 22-23 and 30-31 and September 2-3. The union said it had hoped progress would be made on the issues of teamworking and second delivery. But Mr Alan Johnson,

the CWU's general secretary,

said Royal Mail had refused

the weekend. Office chief executive, called on the union executive to put the package negotiated drivers will go ahead after with the union's officials and talks between the rail unions

**Securities** 

be judged

The Securities and Futures

Authority, the regulator of the UK securities industry,

is developing a ratings sys-

tem which marks stockbro-

kers and investment banks

on a scale of risk from one

The SFA, which issued its

annual report yesterday.

began categorising the firms

it regulates about 18 months ago to judgebow thoroughly

it should supervise them. but said yesterday that it might begin telling firms

Imro is about to begin a pilot project under which 58 firms with relatively clean regulatory records will be

visits. Some Imro executives

are thought to believe fund

according to the trouble

Mr Richard Farrant, the

"It seems entirely proper

that those firms with the

highest standard and stron-

gest compliance culture

enjoy the benefits of less intrusive regulation."

dards would report every

quarter or every year.

The SFA already varies its

firms to

on 'risk'

By Nicholas Denton

to five.

their scores.

they cause

denying the very people whose future is affected by the settlement to have a say

pute the government announced yesterday that He said the proposed settlement contained a guarantee of full-time employment and iob security until at least 2000, a one and a half hour cut in the basic working week and moves to five day a week working, six weeks' holiday, improved training and pay rises of 5 to 37 per cent, with a new minimum wage of £5.28 (\$8.23) an hour. The union executive, however, remains opposed to the principle of

team-working.
Mr Roberts said the susresolved within the next four weeks the monopoly would be suspended for a further pension of the monopoly was "sad day" for the company. He said customers were already choosing alternative services, Royal Mail's reputation was being dented and postal workers were losing an average of £40 for every

TNT, Britain's largest parcel carrier, said the government would have to suspend the postal monopoly permanently before the company could provide a cost-effective nationwide mail delivery sersaid Royal Mail had refused vice. UPS, the world's larg-to re-open negotiations over est package distribution company, said it had no Mr John Roberts, the Post plans to offer an alternative. • Tomorrow's strike by London Underground train rejected by its executive to a and London Transport colballot of the members. "By lapsed.

Accountancy Correspondent

The UK government was

yesterday warned that a three-year limit on busi-

nesses backdating claims for

wrongly paid value added

tax was probably in breach

of European law and

Britain's 1688 Bill of Rights,

and could lead some taxpay-

In an outspoken letter to

Mr Kenneth Clarke, the UK

chancellor, the Institute of

Chartered Accountants of

Scotland said it had been

plaints about the time

ers to break the rules.

Names yesterday jumped the first hurdle in challenging the legality of the insurance market's recovery plan by winning the right to a judi-The 3,000-strong Paying

ment offer to all Names.

ery plan were transparent. The action group argues

companies winning VAT

cases against the govern-

ment were in theory entitled

to refunds backdated to 1973,

when VAT was introduced.

Details of the new three-

year time bar will be

published soon for inclusion

in Britain's 1997 finance

The Treasury said:

"Clearly we have to balance

the needs of business against

those of the general tax-

payer. This will go before

Mr Allen pointed out that

chance to debate it."

bar, announced on July 18. to taxpayers. Before July 18

moves to block the recovery plan. One tactic being mooted is a claim that Lloyd's is breaching the European convention on human rights by insisting court awards won by Names for losses should be used to

Tax claim time limit comes under fire UK authorities can examine traders' tax affairs dating back six years, or 20 years in the case of serious fraud, yet the taxpayer was to be lim-

ited to three. He said some taxpavers had spent a lot of money preparing claims going back many years. As a result, he added, some might be tempted to regain the lost VAT by bending the rules. although the institute would not condone such action. The institute wants the new parliament and it will have a time bar to be withdrawn and consultation to follow. Mr Allen said the proposin pursuing enquiries the als possibly breached the

government's Taxpavers' Charter, which says taxpayers can expect "to pay only what is due under the law". He said parliament had not sanctioned the reform - as it was required to do under the Bill of Rights - and that it might breach European Union tax directives.

The English and Welsh institute said refunds represented tax the exchequer was never entitled to and while a time limit was acceptable for reasons of economy, it should be six years to match limitation law generally and Customs

## Directors' incentive schemes at odds with investors

#### Although the L-Tip is a popular bonus, shareholders complain it can be too complex and too generous

offered a relaxed regime of and investors grappling with the new fad in managers should pay a levy executive compensation ~ the long-term incentive plan, otherwise known as L-Tip. With 57 per cent of FT-SE 100 companies now operating such bonus plans for executives, and 85 per cent of companies in the All-Share index, L-Tips are fast becoming one of the most important elements of top

directors' pay.

Following a recommenda-tion in the 1995 Greenbury capital requirements from 13 weeks worth of expendireport on executive pay that ture for investment banks. companies consider introduto six weeks worth for stockbrokers which only cing L-Tips because they align the interests of direcexecute orders, to zero for tors and shareholders, there firms giving corporate has been a marked accelera-The frequency of the tion in the rate at which companies have added them SFA's visits might vary: to their directors' incentive once every 18 months for an

organisation with a score of packages. L-Tips typically involve one; but as often as once executives being awarded every quarter for a company free shares, paid for by their At present, the SFA company, which they are requires monthly reporting able to profit from three of client money arrangeyears later only if targets ments, but a firm with proven systems and stan-

such as earnings per share performance measured against a comparator group of companies - are met. Despite the apparent popu-

onfusion reigns larity of the schemes, instiamong companies tutional investors, who are required to approve the introduction of L-Tips at companies, have been raising serious concerns.

They say that the bonus schemes are becoming too complex and overly generous. Several fund managers. such as Norwich Union and Standard Life, are now routinely abstaining or voting against L-Tips at companies' annual meetings. The controversy over

L-Tips has been heightened recently by privatised water and electricity companies also seeking shareholder approval to add L-Tips to their directors' pay packages. Before the recent annual meetings of privatised companies, stake-holders such as staff and customers, and Pirc, the corporate governance consultancy, expressed dismay at the potential awards available to directors.

Yet the concern over L-Tips is not just one way. Companies complain that while shareholders know what they do not like in an L-Tip, when asked what they want, they either do not criticise United's scheme for schemes, only 13 per cent do know or cannot agree.

Trends in company incentive schemes Development of arrival bonus, share option and other long-term incentive actiones in UK companies (% of companies surveyed

For example, United Utilities, the Warrington-based multi-utility which recently beat off a shareholder revolt against its L-Tip, complained that its institutional shareholders had very different views about how they wanted the scheme amended. As a result it was impossible to satisfy them

Companies also say that institutional investors have an inconsistent approach to panies no longer operate voting on L-Tips. While the Association of British Insurers was willing publicly to companies with option

over-complex", it did not on HSBC's L-Tip which could lead to executives being granted shares worth four times their salaries. The Greenbury commit-

tee's report stated that L-Tips should be "weighed against share option schemes" but research by New Bridge Street, the pay consultancy, shows that only 15 per cent of FT-SE 100 comshare option schemes in any form. Of the 84 FT-SE 100 being "over-generous and not allow directors to con-

tinue to profit from options • Comparator group. as well as L-Tip shares. Institutional shareholders

and companies both say that they want the current state of confusion surrounding L-Tips to be resolved. Some argue that more detailed best practice guidelmes need to be drawn up - probably by the ABI and the National Association of Pension Funds - covering the main areas of controversy: Performance measure.

New Bridge Street research shows that the most common measure used in L-Tips is total shareholder return (TSR) - share price and dividend performance combined. However, a few institutional investors, such as the Prudential and Standard Life, insist that TSR performance targets must be "underpinned" by a requirement that there has been a sustained improvement in underlying financial performance. Another common requirement is for earnings per share to have to exceed inflation by at least 2 per cent a year, but Manifest, the proxy voting agency, doubts challenging target for many

United Utilities' L-Tip was criticised by fund managers for using the FT-SE 100 as a comparator group. They said that the share price of privatised companies such as United is mainly driven by political events and industry regulators. Utilities should compare themselves with other utilities rather than non-privatised companies.

 Paying out for below median performance. The Prudential was criticised earlier this year by other fund managers for the way in which its L-Tip can pay out even if the company's TSR ranks as low as 59th among FT-SE 100 companies. New Bridge Street says that most L-Tips now require companies to rank above the median position in their chosen comparator group. Size and timing of pay

outs. Institutional investo sive, but remuneration committees face a tough task in deciding what that means. Another issue is whether whether this represents a more than three years - perhaps as long as five years -

concern, shareholders and companies that want more detailed guidelines appear unlikely to be satisfied. New Bridge Street argues that it is "virtually impossible to draw up hard and fast rules, and it would be wrong to try and do so". Instead, remuneration committees must take responsibility to ensure that plans are properly structured and not out of line with other companies

Despite these areas of

Another possible solution to the current uncertainty comes from the US. Professor Charles Elson, a leading US corporate governance expert, argues that directors' bonus schemes should be radically simplified. He says that executives should be paid partly in ordinary shares, or even be forced to buy shares themselves.

The problem when you say that payouts under play games with numbers is L-Tips should not be excesthat you can play games with performance," says Professor Elson. "Let's go back to incentivising and rewarding executives with stock directors should have to wait and not make a simple idea complicated."

William Lewis

THE REPORT OF THE PARTY OF THE

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William Lear

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## **COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1996

Tuesday August 6 1996

#### LEGAL DEFINITIONS

lobby n. I place where MP's throw things esp. tantrums, comments etc. 2 endeavour to influence politicians and civil servants to promote a particular viewpoint, see ROWE & MAW: asap (ph 0171-248 4282)

Rowe & Maw LAWYERS FOR BUSINESS

**HSBC** 

profits

leap in

first half

City analysts scrambled

By George Graham, Banking Correspondent

#### IN BRIEF

· \_ (

#### **Electrolux fails** as sales soften

Electrolux of Sweden, the world's largest manufacturer of household appliances, warned that demand for its products in Europe had fallen for the fifth quarter in succession. The group reported a 14 per cent fall in first-half pretax profits to SKr1.8bn (\$274m), slightly better than expectations. Page 14

Price pressures hit Nycomed's first half Nycomed

Shares in Nycomed, the Norwegian pharmaceuticals group which demerged from the Haislund energy group earlier this year, tumbled 9 per cent after it reported a 26 per cent fall in half-year pre-tax profits to NKr678m

(\$143.5m). The result was about 10 per cent lower 1998 Ang than market forecasts, in Source FT Base spite of a warning in June. Nycomed blamed the decline on price competition in the US for X-ray contrast agents, its big-

Hypo-Bank advances 22% to DM556m Bayerische Hypotheken-und Wechsel-Bank reported a 22 per cent rise in first-half operating profits to DM556m (\$376.2m) in spite of an increase in risk provisions and a decline in ownaccount trading income. Page 14

gest product range. The group's most-traded A-shares fell NKr7 to NKr79. Page 14

Great Eagle revives spin-off plan Great Eagle Holdings, the Hong Kong property and hotels company, said it was renewing plans for a HK\$3bn (US\$387m) spin-off of its office and commercial properties projects. Page 15

GE Capital buys life group for \$1.8bn GE Capital, the financial services arm of General Electric, reaffirmed its position as one of the most active buyers of US life assurance companies as it unveiled a \$1.8bn acquisition of Virginia-based First Colony. Page 16.

Settlement clears way for inco deal Inco, the Canadian nickel producer, is poised to proceed with its C\$4.3bn (US\$3.12bn) takeover of Vancouver-based Diamond Fields Resources following the settlement of a lawsuit brought against Diamond Fields by a group of Texan investors. Page 16

Eurotunnel claims market share gains Eurotunnel, the Anglo-French operator of the Channel tunnel, announced a sharp rise in monthly passenger and vehicle numbers and claimed further market share gains from its ferry rivals. Page 17

Mexican gas unit to reopen after blast Petróleos Mexicanos, the Mexican state oil monopoly, plans to resume production gradually this week at a gas processing facility accounting for one-third of the country's capacity. The plant was badly damaged by an explosion 10 days ago. Page 22

Companies in 1	ij	s l	ssue		
Allied Irish Banks		19	inco		
Amer Oy		14	itel Thei		
American Airlines		17	Komerční Banka		
BWIA		17	London Fiduciary		
British Airways	17,	12	London Pacific		
Diamond Fields Res.		16	Midland Benk	18,	
Electrolux		14	Mirror Group		
Europe OnLine		44	Modilutim		
Eurotunnel		17	Newsquest -		
FHP International	4R	-	Newsquest Media		
Fittronic Comtek	-	18	Nycomed		•
		16	PacifiCare Health	16,	١
First Colony			Pearson	17,	٠
GE Capital		16	Pharmacia & Upjohn		
Great Eagle		15	Racal		
HDFC		15	HOUSSEI UCIZI		•
HSBC 18,	12,	13.	Stef		
Hahn Company		19	UAP		
Hang Seng Bank	15,	13	UBS	12,	
Healthsource		16	USAir	17,	
Hongkong Bank		13	United Healthcare		

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16 Virgin Atlantic

Managed funds service Commodities prices Dividends announced, UK New inti band issues EMS currency rates Eurobond prices Recent issues, UK Fixed interest indices Short-term int rates FT/S&P-A World Indices FT/ISMA intl band svo

Chief price changes yesterday

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MAN Pret	284.5	+	4.5	TOKYO (Yes)	1		
Schmatbach Lub	266	+	7	Rives			
Palla				Denny's Japan	4000	+	150
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Aberdeen Steek	70	+	32	Conti Mas	1.13	_	0.07
Palls		-	_	HK Bidg & Loan	1.4	_	0.11
rans Husbirt Tovs	176	_	33	Ideal Pacific	1.1	_	0.09
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S&S-Thomson	100.2	•	7.5	Falls		•	-
Palls			40	Ches. The Day	20.75	_	1.75

## UBS lifts income by one third

Union Bank of Switzerland, the country's biggest banking group, increased first-half net income by a third to SFrl.1bn (\$920.3m) with a surge in profits from its trading and investment banking operations more than offsetting a surprise increase in its bad debt provi-

UBS is the first of the big three Swiss banks to report its results for the six months to

end June. Its strong perfor-

half, and most recently shown

the latest cycle has cut a

swathe through the industry.

analyst, notes that for the first time "everyone is feeling pain at the same time". Pulp mills

have seen the bottom fall out

of their market. Paper mills

and merchants have written

On a broader front, soaring

down bloated stocks.

Mr Peter Ingram, a UK paper

The speed and severity of

signs of edging up again.

mance owes a lot to the fell SFr9 to SFr1.184 yesterday, the real estate market have "exceptionally favourable" in spite of a 0.6 per cent rise in now spread to its commercial conditions in world financial the Swiss stock market. markets in early 1996.

rose by more than 50 per cent due to its warning that results to SFT1.3bn, equal to three quarters of the figure for all of last year. Most of the increase came from equity and derivative trading which made profits of SFr552m.

Although the strength of the recovery has led some analysts to upgrade forecasts for the full year, UBS bearer shares

Net income from trading shares may have been partly unexpected scale". The bank for the second half of 1996 were unlikely to be as strong. Another reason was the news that provisions, losses and value adjustments rose 76 per cent to SFr804m.

UBS said the Swiss economy was taking much longer to recover than anticipated. The bank's loan loss problems in

The weakness in UBS's ingly facing difficulties on an said it expected provisions to remain high in the second

> Although UBS's results were clouded by the problems in its domestic Swiss business. which employs about three quarters of the bank's 29,100 staff, analysts were encouraged by the strength of net interest income which rose 14

per cent to SFr1.8bn, or almost twice as fast as the rise in total assets to SFr416bn.

The other strong feature was the 34 per cent rise in fee and commission income, to SFr2.1bn. The figures were helped by SFr218m of income arising primarily from the sale of 300,000 shares of Société Générale de Surveillance, a Swiss inspection group; 400,000 UBS bearer shares and 2.1m UBS registered shares.

before paper or finished prod-

uct demand had increased.

When paper mills found out

that the pulp companies were very serious about getting a

price increase, they finally began to order more pulp, even

The price scare rippled

through the processing and

distribution chain, to the point

where, by Mr Whitman's esti-

mate, 4m-6m tonnes of paper

went into stock, about 2-3

The hope is that a wider

exchange of information on

industry trends would improve the efficiency of the market.

Several North American indus-

try associations plan to start

publishing monthly data on

ers and merchants to share

stock figures.

times the normal build up.

though they didn't need it."

yesterday to upgrade their forecasts for HSBC after the Lex, Page 12: World Stock international banking group lifted first-half profits by more Markets, Page 32.

than a third to £2.32bn (\$3.6bn), exceeding the most optimistic expectations.

Widening interest margins in Hong Kong lifted HSBC's main operating units, Hong-kongBank and its 61.5 per cent subsidiary Hang Seng Bank. The HongkongBank group reported attributable profits of HK\$1.93bn (\$250m) in the first six months of the year, up 25 per cent from the same period a year earlier.

Bank subsidiary improved attributable profits by 35 per cent to £439m, with tight cost control and bigher lending volumes offsetting pressure on interest margins. Profits also advanced strongly at HSBC Americas, including the Marine Midland bank in the US. and at Hongkong Bank Malaysia Berhad. The bank's UK shares

In the UK, HSBC's Midland

jumped 4.3 per cent to £11.64p, helped further by the announcement of a 62 per cent increase in the interim dividend to 15p per share. The group is expected to pay a dividend of 40p per share for

merchant stocks from January. Commercial printers have the year, a 25 per cent been approached to share their increase from 1995. Sir William Purves, the These initiatives face several obstacles. Encouraging produc-

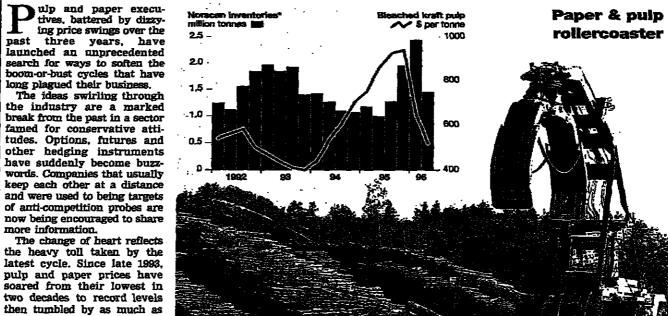
group's chairman, said he planned to "put what is due to them in our shareholders' information is bound to pockets" a month earlier than usual by announcing a second interim dividend at the end of the year in lieu of a final dividend, which would need approval from the shareholders meeting.
The steady flow of retained

profits left HSBC with total capital of £23.4bn at the end of quacy ratio of 9.8 per cent comfortably in excess both of the regulatory minimum of 4 per cent and the norm for well-capitalised banks of 6.5 per cent. But Sir William said the group had always believed in maintaining high liquidity and a strong capital base, and he felt under no pressure to reduce excess capital either by acquisitions or by buying in its own shares as other banks

la per Princip

had done. Bernard Simon and Lex, Page 12; Details, Page 18: Greg McIvor Hang Seng results, Page 15

## Pulp and paper groups, savaged by price volatility, are having a change of heart Sector hedges its bets to gain stability



buyers to hedge future com- He predicts it could challenge options and futures market for In the UK, McKenna & Co. a NBSK pulp, a benchmark product, on September 9.
The exchange intends to

paper prices in 1994 and 1995 encouraged conservation and substitution measures that offer futures contracts as well will not easily be reversed. Mr as put and call options with John Buckley, president of the settlement in cash, without US National Paper Trade Asso-ciation, says: "We're in a cal delivery. The benchmark life-and-death race with elecindex will be based on data, tronic [information], and this updated each week, from about 30 suppliers, purchasers market issue has put us furand agencies.

Moves are afoot in Europe Mr Anders Lindeberg, the and North America to set un exchange's president, says the derivatives markets that new market "could mean a would enable producers and revolution for the industry".

mitments, thereby offering a the notion of integration in the most grades of paper has measure of price certainty and forestry sector which has seen stability. The Finnish Options pulp companies acquire paper Exchange in Helsinki plans to companies to insulate them- woodfree uncoated paper is

> law firm, is spearheading an initiative to set up an electronic derivatives market, with pulp and paper among its maiden contracts. The tenta-1997. The American Forest and Paper Association, based in Washington DC, says it is also engaged in "very preliminary" talks on a futures market.

On another front, pulp and paper groups are being urged to exchange more information. A particular frustration of the latest boom and bust is

launch an international selves against volatile prices. estimated to have risen by 5-8 duction, on the other hand, soared 20 per cent in 1994 and contracted by 1 per cent last year. Stocks have been identified as the main villain. Mr Allen Whitman, a US consultant, traces the problem back to 1993 when pulp mills were confronted with dismal prices for their products, but high costs for wood, their main raw

that consumer demand for

remained relatively stable.

European consumption of

According to Mr Whitman, "the general frustration encouraged one mili to announce a pulp price increase

material.

heighten concerns about competition in an industry whose members are often accused of price collusion. Distrust between paper merchants and manufacturers runs deep. The merchants are likely to be suspicious of any proposals that might make it easier for mills to deal directly

Moves to bring derivatives to the pulp and paper business are also likely to meet some resistance. According to Mr Ingram: "There's a lot of uncertainty [among companies] about exactly how it will affect their business."

Such doubts however, may be outweighed by the desire for a more stable, predictable business environment.

## **US** managed health groups combine in \$2.1bn deal

**By Richard Waters** in New York

ther behind."

The US's managed healthcare industry witnessed another big takeover yesterday, this time bringing together the Californian companies PacifiCare Health Systems and FHP International to create the country's fifth largest organisation

The \$2.1bn acquisition by PacifiCare reflects the same pressures which have shaped other large combinations in the sector the need to build networks with a broader geographic reach to serve big companies and other buyers of healthcare, and the pressure to

After the deal, PacifiCare will have about 4m members in its managed care plans. The acquisition follows a high costs of the facilities it

By Tim Burt in London

Pearson, the UK information,

group which owns the Finan-

cial Times, yesterday announced the sale of its West-

minster Press newspaper busi-

came close to buying another tive, forcing it to buy medical West Coast managed care company, WellPoint, 18 months ago. Since then, FHP has suffered stuttering growth, weakening margins and upheaval in its executive suite.

PacifiCare valued its offer for FHP at \$35 a share. Half will be paid in cash, with the rest comprising a mix of Pacifi-Care's A and B stock. FHP's shareholders will also get the medical and dental facilities.

right to buy shares in Talbert Medical Management, which is being spun off from FHP. Talbert runs the company's At its inception as one of the US's first managed care organ-isations in the 1960s, FHP was conceived as a company which employed doctors and owned hospitals, as well as providing insurance cover. However, the

Pearson sells titles for £305m

strategy of concentrating on

international markets for its

information, education and

quest for the business

services elsewhere.

The two companies, which are roughly equal in size, would have had combined revenues of \$8.6bn last year, and a network that extends across 15 states. The enlarged group will be concentrated largely in Western states, though it also has an operation in Florida, where demand from retired people has created a fast-growing market for HMOs.

FHP has also been weighed down recently by a claim from the US Justice Department that it overcharged Federal period, prompting the com-pany this year to set aside \$45m to settle any claims.

In early trading, FHP's shares jumped \$5%, or 20 per cent, to \$33%, while PacifiCare slipped \$21/2 to \$661/4.

£10,500,000

Acquisition of Hamptons and The London Residential Agency (formerly Cluttons London Residential Agency)

> Led, structured and arranged by Nat West Ventures

> > Equity provided by

Nat West Ventures

NWA

NATWEST VENTURES

Norther Tenune Limited, regulated by 1980, a part of Nather Market, corporate and investment banking. 1. 化乙基苯基代对及基础发表基础的

entertainment products.

He underlined that effort by ness to Newsquest Media Group, backed by US finanannouncing plans to acquire a ciers Kohlberg Kravis Roberts, further 30.3 per cent stake in for £305m (\$475.8m). Recoletos, the Spanish newspa-The sale, marking Pearson's per and magazine publisher. withdrawal from UK regional for £86.8m in cash and shares. newspaper publishing, was agreed in spite of indications Mr Barlow said Pearson had decided to sell WP and that Mirror Group was preincrease its holding in Recolepared to make a rival offer.

publishing and entertainment disposal reflected Pearson's

surbulent time at FHP, which owns has made it uncompeti-

tos to 95 per cent because UK However, Mirror Group yesregional newspapers were in decline, whereas the Spanish terday distanced itself from business was expanding. usiness was expanding. 630p. He was speaking after Details, Page 17. reports that it was prepared to offer £10m more than News-

unveiling reduced pre-tax profits of £30.2m, against £50.5m a Mr Frank Barlow, Pearson managing director, said the year earlier, in spite of sales of £939.6m, up from £780.9m, for the six months to June 30.

Pearson blamed the decline chiefly on £38.8m of operating losses and restructuring charges at Mindscape, the US software publishing company acquired in 1994 for £330m. Pearson said most of its

businesses were making good progress - particularly Penguin. Yesterday Mr Michael Lypton, 36-year-old president of Walt Disney Studio's Hollywood Pictures, was named as Penguin's new chairman. Pearson shares rose 19p to

#### COMPANIES AND FINANCE: EUROPE

## Electrolux sees signs of upturn in Europe | Czech bank

By Greg Mcivor in Stockholm

Electrolux of Sweden, the world's largest manufacturer of household appliances, said yesterday demand for its products in Europe fell for the fifth quarter in succession. However, it said there were signs that the slump was bottoming out.

Mr Leif Johansson, chief executive, said preliminary sales figures indicated a slight improvement in demand for large white goods in Europe in the second quarter, compared with the same period last year.

"We have possibly reached the bottom [in Europe] . We are very, very cautiously optimistic when it comes to developments in 1997," he said. However, he stressed any upturn was unlikely to be rapid, and

other product divisions. The group reported a 14 the second half.

per cent fall in first-half pre
Operating prof tax profits, from SKr2.1bn to SKr1.8bn (\$273.9m). This was slightly better than market expectations and helped lift the company's B shares

SKr12 to SKr347.

performance in the US ond quarter at Frigidaire. belped offset weak sales in Europe, while demand had risen strongly in Latin America. Turnover outside the US and European markets doubled in the first six SKr200m on sales of months, the group said. Group sales slipped from SKr60.6bn to SKr57bn, but

the fall was only 1 per cent when fully adjusted for exchange rate effects, acquisitions and divestments. Vollira.

Mr Johansson said a cost-

would show benefits during

Operating profits in household appliances, the biggest unit, fell from SKr1.3bn to SKr1.2bn on sales of SKr36.9bn against SKr38.1bn. However, white goods sales to the US were higher Electrolux said a robust because of an improved secthe US subsidiary.

The main disappointment was industrial products, where operating profits dived from SKr460m to SKr5.5bn against SKr7.3bn. The decline was blamed on falling sales at Gränges, the aluminium subsidiary, amid deteriorating market conditions and lower prices. In commercial appliances,

umes suffered from the lower sales in Italy, France stronger krona and Italian and Scandinavia triggered a sharp drop in income for food service equipment. that demand in Europe was reduction programme initialthough this stabilised in still weak across Electrolux's ated in the second quarter the second quarter.

#### PROFILE **ELECTROLUX** Market value: \$3.6bn Main listing: Stockholn 5.13 Historic P/E Gross yield Earnings per share Current share price Tibali-year to June 30

## Hypo-Bank disappoints with 22% rise

Bayerische Hypotheken- und Wechsel Bank yesterday growth. reported a 22 per cent rise in first-half operating profits, to DM556m (\$376.2m) despite an increase in risk provisions and a decline in ownaccount trading income.

some analysts who had been expecting an improvement to well over DM600m. Profits tainty and the impact of the on lending and on commis- domestic recession - now sion-based business showed gradually ending - on indus- income was 10.5 per cent gain in the same period last

Shares in Nycomed, the

Norwegian pharmaceuticals

group, tumbled 9 per cent

yesterday after it reported a

26 per cent fall in half-year

The group had warned in

June that earnings would be

well below last year's level,

but profits in the first six

months were still about 10

per cent lower than market

forecasts. Pre-tax profits slid

By Greg McIvor

profits.

healthy increases, reflecting improved mortgage busiss. robust securities markets, and restraint in cost

But provisions were 14 per cent higher at DM639m. The bank said this did not reflect the need to set aside more money for lending risks, since loan-loss provisions The figures disappointed had been reduced slightly. Rather, they remained high because of economic uncer-

NKr4.26bn, following a dete-

rioration in the second quar-

disappointment by off-load-

ing Nycomed stock. The

group's most-traded A share

petition in the US market for

X-ray contrast agents, its

fell NKr7 to NKr79.

Investors expressed their

decline on fierce price com- pressures.

NKr3.99bn

property market.

risk provisions was the result of lower profits from the securities portfolio it holds for liquidity purposes. It did not separate these out. however. Analysts said the difference with other banks. which have reported an were booked rather than any trading variations.

against per cent for new contracts.

improved securities result. came from when such profits

However, the group said it

had held its US market share

in the battle with rivals.

which include Bracco and

Malinckrodt of the US, and

Schering of Germany. It

lifted market share in

Europe and Asia, but again

Mr Eric Cameron, senior

The bank said the rise in

try, retail business and the higher at DM2.25bn; mort- year from the sale of shares ing demand for housing finance, was 18.5 per cent higher and normal lending business rose nearly 5 per cent. Commission income showed a 9 per cent improve-ment to DM446m.

Unlike its main domestic rivals, the bank reported lower financial trading income, with a 35 per cent fall to DM51m. However, it said the trading result was Hypo-Bank's interest affected by a one-off DM27m

decide to be less aggressive

on price. The basic problem

similar products which have

gage business, helped by ris- in PWA, the German papermaking company.

Hypo-Bank said costs rose 1.9 per cent to DM1.62bn in the first six months. Its goal is to keep growth in costs to 1.7 per cent over the whole year, with no rise in personnel expenses. Other German banks are also striving to lower their rate of cost increase, despite heavy spending on technology, investment banking and the restructuring of retail

Pricing pressures hit Nycomed's first half NKr915m. on sales of offering discounts of up to 60 operations to raise profitabilhe said. Operating profits in

> Mr Peter Smith, pharmasion, excluding research and ceuticals analyst at HSBC development costs, were down from NKr553m in the James Capel in London. first quarter to NKr459m in suggested diagnostic imaging prices would continue to the second. The other main slip during the rest of the division, therapeutics, year and into 1997. "There is posted a rise in operating very little they can do unless profits, from NKr114m in the Nycomed blamed the revenues were hit by pricing the other players in the US first term to NKr139m.

the diagnostic imaging divi-

Analysts said the company was suffering from a lack of operational diversity and would benefit from a partner.

#### held back by growth in costs

By Vincent Boland in Prague

Komerční Banka, the Czech Republic's largest commercial bank, yesterday reported a decline in pre-tax profits in the six months to June 30, blaming higher administrative costs. Net profit, however, was unchanged on the same period last year.

Interim pre-tax profits fell to Kč3.3bn (\$124.5m) from Kč4.5bn in the same period in 1995. The bank's net profit remained steady at

Mr Kamil Ziegler, managing director, said administrative costs had risen by Kčlbn in the six months, eating into profits at the pre-tax level. The rise had also confirmed analysts' fears that the cost base at Czech banks is escalating after expansion in employee numbers and spending on technology over the past

The bank's loan portfolio grew nearly 11 per cent to Kč240.6bn in the period, while provisions for bad and doubtful debts fell slightly to Kč29.6bn from Kč30.4bn. Komerční is the leading banker to Czech industry with about one-third of the

Primary deposits rose 9.3 per cent to Kč256.1bn, compared with a fall of 1.5 per cent in the same period last year. Total assets stood at Kč423.7bn.

Net interest income rose 5 per cent to Kč6.9bn on a net interest margin at June 30 of 3.93 per cent. Income from fees and commissions, an area Komerčni has targeted as a source of future revenue growth, reached Kč4.1bu.

The results were broadly in line with analysts' expectations, and Komerčni appears on target to record full-year net profit of Kc5bn. Its share price fell Kč20 in

early trading yesterday before recovering to close Kč12 higher as the Prague stock exchange reached its highest level so far this **NEWS DIGEST** 

## **Europe Online** seeks rescuer

Buyers are being sought for Europe Online, the fledeling Internet service provider, after it was declared bankrupt by the Luxembourg commercial court less than a month after its main shareholder withdrew funding.

The Luxembourg-based company went into court administration to protect it from creditors in July, after Burda, the German publisher which controls 33 per cent, withdrew financing. The move was to give Europe Online scope to negotiate with new potential backers, thought to include CompuServe, the US on-line company; ITT, the US group; and, more recently, Deutsche Telekom. But the talks were reported to have collapsed on Friday, after

which the company was declared bankrupt. Europe Online, in which Pearson, publisher of the Financial Times, has a small stake, was founded in 1994 with the aim of providing a European language alternative to US services such as CompuServe and America Online. But after delays and shareholder disagreements – including the withdrawal of Matra Hachette of France - it began operating last December

CompuServe and ITT are thought to have made offers to invest in the company, but these were not fully acceptable to Europe Online's court administrators. Other investors in the company include two Luxembourg stateowned banks, and AT&T and Meigher Communications. Neil Buckley, Brussels the US telecoms groups.

#### Roussel Uclaf ahead 45%

Roussel Uclaf, the quoted French subsidiary of Hoechst, the German pharmaceuticals group, yesterday reported net income up 45 per cent to FFr1.04bn (\$207.2m) for the six months to June 30. However, it warned of gloomy domestic prospects for its products. Sales were up 8 per cent to FFr8.65bn, or 5 per cent in comparable terms before the creation of joint ventures with its Hoechst parent and a reorganisation with other subsidiaries. Pharmaceutical sales slowed in France and Japan,

where the group said business conditions were difficult, compounded in Japan by negative currency effects. However, turnover was better elsewhere, with healthcare sales up 8 per cent to FFr6.5bn, fine chemicals up 11 per cent to FFr1.1bn and animal health up 10 per cent. Net income rose 14 per cent to FFr744m after excluding exceptional items.

#### Amer Oy unveils revamp plan

Finnish sporting goods group Amer Oy yesterday told the London Stock Exchange it was restructuring its Wilson division to improve profitability in golfing equipment. It also said Mr Jim Reid-Anderson, Wilson's chief financial officer and acting chief operating officer, would resign this month. Golf, tennis and team sports divisions would report directly to Mr Roger Talermo, Amer president. The statement to the exchange follows an unexplained

surge in Amer's shares price, up 22.5 per cent last week to to a high of FM98 on Friday. Reuter, Helsinki

#### Sales stronger at UAP

UAP, the French insurer, said sales rose 5.4 per cent to a provisional FFr85.4bn (\$17bn) in the six months to June from a year earlier. With a comparable structure and at constant exchange rates, the rise was 3.9 per cent. Revenue in non-life operations rose 3.7 per cent to FF747.75bn, a 1.2 per cent increase at constant exchange rates and on a comparable structure basis. AP-DJ, Paris

CKEDII

LOCALde

## GENERAL MEETINGS OF BONDHOLDERS

biggest product range. It would implement a cost-cut-

to NKr678m (\$106.3m) from said rival suppliers were ting drive across its little to differentiate them."

**Notice of Meeting** 

Holders of the bonds listed below, issued by Crédit local de France,

## FRANCE

- Financial Agent Credit Lyonnais Luxembourg FRF 3,000,000,000 9 1/4% 1989-dec. 1999
- (Sicosum code 14400, ISIN code XS 00 15059634)
  FREF (,000,000,000 10 1/2% dec. 1990-dec. 1998
  (Sicosum code 14449, ISIN code XS 00 29088670) FRF 1.500.000,000 9.25% oct. 1991-oct. 1996
- p code 14710, ISRN code XS 00 J3824487 FRF 300,000,000 4 1/2% sept. 1992-sept. 2002 (Showara andu 14707. ISDN code XS 00 39217608)
- FRF 300,000,000 (streets Scatter apr. 1993-apr. 2003 (Sicovam code 14957, ISSN code XS 80 42004675) FRF 2.800.000.000 7% (993-may 2003
- (Sicosam code 14925, ISDN code X3 00 43440023) PRF 3,000,000,000 6 1/4% 1973-age. 2003
- um code 19929, ISBN code XS 00 46028543)
- ECU 150,000,000 6 1/4% apr. 1994-apr.2001 (Storoug code 19804, STN code X5 004978377775) USD 100,000,000 Floating Entr 1990 ccs. 1997

#### Financial Agent Banque Paribas Luxembourg

- um cuda 14772, ISBN cada XS 00 37845681) FRS 1,500,000,000 5 3/4% (973-eng. 1996 m code 19722, ISBN code 25 00 45434457) (Storoum code 19722, ISSN 1000 As 40 474-171.) FRS 750,000,000 7 3/4% step up pape. 1994-ups. 2004

- (Sicretan code 14747, ISSN code XS 90 35949634) GEF 100,000,000 8,25% aug. 1994-dec. 1999 (ISFN code XS 00 52123089)
- USD 250,000,000 \$ 7/8% ect. 1987-ect. 1999
- Reb. (993-feb. 2003

- Di code XS 00 41401240) CAD 350,000,000 7 3/4% 1992-dec. 1997 (ISIN code XS 09 33719714)

The Board of Directors

- FRF 4,500,000,000 # 7/8% 1992-june 2002
- (Skowam code 1982), SDH code XS 00 52907754) ECU 1,000,000,000 Zero compon ocz. 1991-ocz. 2001 (Skowam code 14713, ESM code XS 00 34032549) ECIJ 900.000.000 8 1/2% hrs. 1997

- Financial Agent Sogenal
- FRF 2,000,000,000 9 7/8% feb. 1991-mm.2001 am tode (4452, ESIX code XS 00 30199003) FRF 2,000,000,000 Zero compon jes. 1992-jes. 2001 (Skoream toda 14736, BSIN code XS (10 35327129)
- FRF 550,000,000 CAC 40 Index Brief Zero con
- (Sicovani code 14754, ISDN code X5 00 35766998) FRF 300,000,000 4.50% Optional Roads on the
- CAC 40 Index July. 1991-July. 1999 (Sicoram code 14488, ISTN code XS 32327784)
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- Fit 300,000,000 CAC 40 Industrials ar. 1992-pr. 1997 == tode 14761, ISIN code X5 to 36690849
- FRF 500,000,000 reverse Seasor dec. 1992-dec. (999, (Slowam tade 14935, ISDN cade XS 00 40621414)
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Financial Agent Bankers Trust Company, London

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vice-president, said Nycomed is that everyone has very

am coća 1478 i, ISDI coća XS 00 38002027)

Financial Agent BNP Lexembourg

- FRF 1,500,000,000 Zato compos apr. 1993-apr. 200 (Sicosam code 14966, ISDN code XS 00 42874361) • FEF 2.000.000,000 7.625% Seb. 1998,
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Financial Agent MGT, London

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- apr. 1993-apr. 2005 (ISBN code XS 00 42932748)
- The First National Bank of Chicago,
- London FRF 1,000,000,000 7 1/4% june 1994-og. 2003

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- Financiai Agent Krediethank S.A. Luxembourgeoise
- FRF 8,000,000,000 6% nov. 2001 (code Skowan 19948, 1570 code XS 00 46906421)
- Financial Agent The Chase Manhactan Bank, N.A. CAD 125,000,000,000 Subcodiagned College Pleasing

are invited to attend the General Meetings to be held on Wednesday August 14, 1996 at Crédit Local de France, 7 - 11 qual André Citroën, 75015 Paris, France, at 2:00 p.m. in accordance with article 308, of the French law of July 24, 1966, the agenda of the meeting

Board of Directors' report on Crédit Local de France's project to transfer all of its assets and Stabilities to its subsidiary Local Finan

Holders of registered bonds must be listed in the Company's registers at least five days before the date of the General Meeting in order to

Holders of bearer bonds must obtain a certificate attenting that their securities are held in a blocked account from the bank, stock broke or institution managing their account at least five days before the date of the General Meeting. Proxy forms will be sent to bondholders upon request from the Financial Agent in charge of each bond issue. nents are not met, the General Meeting will be reconvened on Thursday Angust 29, 1996 in In the very likely event that quorum requirements at the same place and at the same time as listed above.

**Publication Agent** 

CREDIT LYONNAIS

#### Ireland U.S.\$100,000,000

Private Placement Issue Floating Rate Notes 1997/2000

(Coupon No. 23)

Pursuant to Note conditions, notice is hereby given that for the interest period 6th August, 1996 to 6th February, 1997 (184 days), Amount per coupon (No. 23) = U.S. \$30,347.22 Payable on the 6th February, 1997



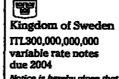
The Long-Term Credit Bank of Japan, Limited London Branch Agent Bank



August 02, 1996 to November 04, 1996 the new rate has been fixed at 7,946875 % P.A.

Next payment date: November 04, 1996 Coupon pr: 8 Amount: FRF 2 075.02 for the enomination of FRF 100 000 FRF 20 750,17 for the

FRF 1 000 000 THE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST LUXEMBOURG



Notice is hereby given that for the interest period 2 August 1996 to 3 February 1997 the notes will carry an interest rate of 8.38% per annum. Interest payable on 3 February 1997 will amount to 171.209,500 per 171.5.000.000 note and TTL2,095,000 per TTL50,000,000

Agent: Morgan Guaranty Trust Company **JPMorgan** 

SAM FOOTITT Formerly a Director of Shell (UK) Limited, has joined the Board of

BILLITON METALS LIMITED

as a Non-Executive Director.

West Rand Consolidated Mines Limited (Incorporated in the Republic of South Africa) Registration No.01/01978/06

The company's interim report has been issued today and copies are available from the United Kingdom Secretaries: Viadact Corpora Services Limited 19 Char Street, London, ECIN 6QP. 5 August 1996



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#### FIDELITY FUNDS Société d'Investissement à Capital Variable Registered Office: L-1021 Luxembourg, B.P. 2174 Kansallis House - Place de l'Étoile

R.C.S. Luxembourg B. 34036 NOTIFICATION TO THE SHAREHOLDERS Shareholders are hereby informed that several amendments have been brought to the content of the current Prospectus of the SICAV:

The amendments are the following and shall also only be effective the present notice:

1. Amendment of the name of the Sub-Fund "Europe Fund" into European Growth Fund".

Precision of the investment objective of the European Balanced Fund so that the three part investment objective of Fidelity Funds European Balanced Fund be as follows: to conserve investors' initial capital over the long term

 to pay current income - to achieve long term growth of both capital and income. 3. Form of Shares - Bearer Shares Bearer Shares in definitive form shall no longer be available to investors. Shares to be issued in Funds created or offered after 5 September 1996 as well as new Shares to be issued in existing funds shall no longer be available in definitive bearer

Such amendments will be described in detail in a revised Prospectus dated September 1996. cholders are furthermore informed that they have the right, until September 6, 1996, to ask for the redemption of their shares, without paying any fee, if they do not approve such amendments. Luxembourg, as of May 14, 1996



FOR THE BOARD OF DIRECTORS

**Inkel Corporation** 

(Incorporated in the Republic of Kores with limited liability)

To the Holders of the Company's U.S. \$20,000,000 ¾ per cent. Convertible Bonds 2003

Resolution Duty Passed Notice is hereby given that, at a Meeting of Bondholders held on 25th July, 1996 at the offices of Chase Manhattan Trustees Limited ("the Trustee") at Woolgate House, Coleman Street, London EC2P 2HD the following Extraordinary Resolution (as defined in the Trust Deed dated 20th June.

Notice of An Extraordinary

"THAT if resolution 1, above is not approved by the Bondholders" and the resolution of the Company's shareholders to approve the Merger is passed, the Trustee be and is hereby directed to give notice to the Company that the Bonds are immediately due and repayable pursuant to Condition 9 of the Bonds and that the Trustee be authorised to take such other steps, including the taking of proceedings against the Company, as the Trustee considers necessary or desirable in connection with the foregoing or otherwise to ensure prompt repayment of the Bonds, all subject only to the Trustee being indemnified to its satisfaction."

THE PRINCIPAL PAYING AGENT The Chase Manhettan Bank Woolgate House Coleman Street

PAYING AGENT hase Manhattan Bank Luxembourg S.A. 5 rue Plaetis, L-2338 Luxembourg-Grund

By order of the Trustee 6th August, 1996

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#### COMPANIES AND FINANCE: ASIA-PACIFIC

#### Hang Seng advances 34% in first half | Great Eagle to renew as the loan book grew and lang Seig-Benfe

and Hong Kong's second-big-gest quoted bank, yesterday trumped market forecasts by reporting a 34.4 per cent rise in interim net profits, from HK\$3.24bn in the first half of 1995 to HK\$4.85bn (US\$562m)

m the same period this year. Results were lifted by disposals of locally listed equity investments and the sale of second half, as price competits two New York branches tition was intensifying. How-

Operating profit was up 24.3 per cent, from HK\$3.61bn to HK\$4.49bn, reflecting a sharp increase in net interest income, substantial growth in fees and commissions, and a low cost-toincome ratio. .

Net interest income increased 30 per cent, from HK\$3.85bn at the halfway stage last year to HK\$5.01bn.

the net interest margin rose from 2.68 per cent a year for Hang Seng Bank, the listed the first half of 1995 to 8.12 subsidiary of HSBC Holdings per cent for the same period this year.

Advances to customers. net of provisions, increased 17.8 per cent year on year, to HK\$146.1bn, fuelled mainly by corporate lending and residential mortgages.

Mr Alexander Au, chief executive, warned against expecting an equally robust second half, as price compeever, many analysis revised their full-year forecasts upwards. Mr Andrew Brown, of Salomon Brothers in Hong Kong, who had been looking for net earnings of HK\$3.97bn, reckoned the bank would "at least" main-

tain its net interest margin. Despite the negatives of a he said. market environment which will be less hospitable to expanded margins, the flexidely sions for bad and doubtful debts totalled HK\$220m.

bility on the balance sheet provides management with alternative measures to influence the net interest margin in the second half,"

sharply up on last year's HK\$71m and primarily the result of provisions made for non-performing trade-related

But Mr Au said the ratio of non-performing advances to total advances, at 0.6 per

cent, reflected the continu-ing high quality of its loan Earnings per share grew

34.4 per cent, from HK\$1.68 to HK\$2.25, and the directors are proposing to double the interim dividend from

HK\$3bn spin-off plan

Great Eagle Holdings, the Hong Kong property and hotels company, yesterday said it was renewing plans for a HK\$3bn (US\$387m) spin-off of its office and commercial properties projects. The group will retain an interest of more than 60 per cent in the new company.

The move, two years after similar plans were abandoned, comes amid signs of an upturn in the office prop-erty market. It also follows a string of spin-offs in Hong Kong, whereby companies have hived off China property and infrastructure boldings in a bid to raise cash and realise value.

Mr Adrian Lee, assistant director at Great Eagle Holdings, said: "The new com-

office and retail investments. takes in the ground floor at That market has bottomed the company's key money spinner Citibank Plaza out and is on the rise again. which is why we have cho- Mr Euan Weir, analyst with sen this time to raise some Merrill Lynch, estimates capital. It realises value for 88 per cent of Great Eagle's existing shareholders, and it 1996 rental income and 60 per cent of the value is also raising funds to go of its portfolio come from into further investments." He said the earlier issue the Hong Kong office

was pulled because the mar-Great Eagle's share price ket weakened before it could be finalised, but bankers say climbed 3.78 per cent to close there was also disagreement at HK\$23.35, from Friday's \$22.50. It is trading on a dis-count to net asset value of over calculation of the company's net asset value. Noneabout 37 per cent compared line-up of lead underwriters to be "similar" to last time with an industry average of 25-30 per cent. The company when the roster included plans to channel funds into a Peregrine Investments, Credit Suisse First Boston 1.8m sq ft urban renewal project being carried out in a densely populated pocket of and Goldman Sachs. The new company will Kowloon, as well as forthinclude all retail space coming investments.

## HDFC approves 20% more loans | Modiluft in collaboration talks

By Tony Tassell

Loans approved by India's Mr Deepas rareau, India Housing Development Chairman, said it planned to joint venture with NatWest Finance Corp. the country's raise Rp200m through an Markets, ruled out any issue of non-redeemable, equity dilution this year. finance, totalled Rp8.52bn (\$230m) in the period from April to July, an increase of

non-convertible preference

20 per cent on the Rp7.13bn a maturity of 5 to 7 years Rp5.67bn. Deposits rose by 17

achieved in the same period with a coupon rate of 12.5 to per cent to Rp29.45. 14 per cent. The corporation, which runs a retail banking

The value of loans issued over the period had risen by These were likely to have 26 per cent, from Rp4.49hn to

Parekh said the HDFC's new office in Dubai had made a strong start with 40 loan approvals in the first two months of operation. The average loan was

The fall in Bombay property prices would have little effect on the group's profit-ability, said Mr Parekh. Most of the downturn had been felt in inner suburbs of the city while most of the HDFC's loans were in the

#### By Tony Tassell

Modiluft, the Indian domestic airline, is holding talks with several international airlines over a possible alliance or joint venture. A deal could include the

leasing of aircraft, an equity investment by the foreign airline, and a technical collaboration, Modiluft said. "We are open to a package

deal." But the company would not comment on reports that British Airways and United Airlines had

been in talks aimed at build- ration agreement with Moding closer marketing and management ties with the Indian group.

control of the company. Mr Suresh Kumar Modi, chairman, currently holds 56.12 per cent of Modiluft and would retain a majority

stake in the company. We want to resolve things
The balance is held by amicably through negotiafinancial institutions, expatriate Indians and the public. Lufthansa, the German

iluft earlier this year following a dispute over payment for three Bosing aircraft A deal would not affect leased to Modiluft. .

The Indian group has suspended its threat to take legal action seeking \$100m in damages from Lufthansa for breach of contract. "We want to resolve things

tions," the airline said. • PAL-Peugeot, the Indian car maker, will close its plant at Kalyan near Bomairline, withdrew from a three-year technical collabo- bay on August 16.

The company blamed poor productivity for the closure, saying workers had failed to meet agreed targets. The plant, a joint venture between India's Premier Automobile Ltd (PAL) and Automobiles Peugeot of the PSA Peugeot Citroen Group of France, builds Peugeot 309 and Premier 118NE models.

Under the terms of their agreement, workers have to produce 16 309 models and 60 Premier 118NE models each day, but are seeking more pay for more productivity.

## Ital-Thai finds a novel way to achieve expansion

he international air-take minority equity stakes 750 hectare land reclamation port in Mandalay does in big projects.

not inspire confi- "We want to dence. From the muddy car park, passengers walk a rick-ety wooden footbridge to a vice-president of finance at Walking to their aircraft, to cut costs and margins." they are separated from the spinning propellers by noth- national border has forced ing more than a red rope.

which hegine in November. But barred from receiving low-cost loans from international organisations, Burma also lacked the \$150m it will take to rebuild. and enlarge the airport.

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A way out of this imp has now been found by Italian Thai Development, one of south-east Asia's largest contractors, with the help of concessional financing from Thailand's Export-Import

In coming months, Ital-That is due to begin work on the Mandalay airport. Its strategy of combining a bid to construct the new airport with the promise of cheap financing for the Burmese government has enabled the company to avoid a costly bidding war for the project which would have driven down margins.

The company also hopes to sign a similar agreement to build a \$150m dam on the Mae Kok river in Burma's Shan state.

Ital-Thai's willingness in Mandalay to help provide both financing and construc-tion expertise is proving successful for the company in other south-east Asian countries as it expands its order book beyond the saturated Thai infrastructure market.

Contracts for dams in Laos, telecommunications in Vietnam and land reclamation in the Philippines have been won not through open bidding, but because of the company's willingness to

"We want to grow 15 to 20

per cent annually," explains small unkempt terminal Ital-Thai. "We're afraid that where overhead fans circu- if we stay in Thailand to late more flies than air. reach that goal we will have Expanding beyond its

the company to complement This is certainly not the its core building business securing a \$320m contract image Burmese authorities with the role of a developer, wish to portray as they pre- able to deal with governpare for an influx of travel-ments and arrange financ-fading as environmental conlers during national tourism ing. This can involve an element of risk, says Mr Chatichai. "If we make an investment then the main developer feels he has to give us the contract. Investing Bt200m is worth it if you can get a Bt6bn (\$240m) con-

> In its local market, Ital-Thai has a record of becoming an equity partner in order to win high-margin turnkey projects. Via equity stakes, the company has won contracts from the Bangkok Transit System Skytrain, Exchange Square, Thai Telephone & Telecommunications, and Pts Daeng Office Complex.

The company also hopes to avoid problems encountered by other Thai corporations which have invested overseas, where the security of Thailand's tight-knit Sino-Thai business community is often absent.

In the Philippines, for example, the company has entered a joint venture with prominent Chinese filipinos. It holds a 30 per cent stake in a \$300m project to develop a third terminal at Manila's Ninny Aquino International Airport with Asia Emerging Dragon Corp, a consortium of Chinese tycoons which banded together at the request of President Fidel Amos. The company expects to win a construction contract worth between \$150m.

and \$200m. Ital-Thai also has a 38.4 per cent holding in Amari Coastal Bay Development, a

project in Manila, with overseas Chinese investors including the Hong Leon Group of Malaysia and Bangkok Bank and City Realty both owned by Thailand's Sophonpanich family.

infrastructure operations in Laos and Vietnam highlight some of the risks of this strategy. In Laos, Ital-Thai's hopes of via an equity stake in the \$1bo Pam Then 2 dam are cerns and financing risk

Its stake in another venture, the \$5.3m Pan Gum 3 dam, has been cut in order to utilise equipment already in use at Laos and dilute risk. Ital-Thai already has lucrative minority stakes in beer and soft drink production in Laos.

In Vietnam, the future of its joint venture with the Ministry of Defence and Jasmine of Thailand to build and operate telecommunications services is unclear, according to Mr Chatichal "It's moving real slow and is quite a mess."

n the face of such problems, the company does not rely on realising a profit from its equity stakes. Instead, it plans to draw out of these developments within five years of completion - a strategy which enables the company to concentrate the control of its contracting work in Thai-

But although it has chosen not to set up an interna-tional contractor, Ital Thai has begun to evaluate the projects it gets involved in differently. "We are looking at countries' priority projects. The Philippines and Burma both took less than a year to negotiate. That's quite quick because they are things they have to finish. That way the process moves

Ted Bardacke

# Value can also come from acknowledging the strength of others.

ON AUGUST 1, 1996 WOLFENSOHN & CO. AND BANKERS TRUST MERGED OPERATIONS. **≜** Bankers Trust

It is with pride and enthusiasm that Bankers Trust welcomes its new partners from Wolfensohn & Co., a firm whose reputation and track record as a substantive creator of value for its clients has been established at the highest levels. The merger will combine Wolfensohn & Co.'s proven abilities in senior advisory, merger and acquisition activities with Bankers Trust's unsurpassed abilities to

create and execute innovative financial structures and transactions. Together we look forward to new levels of innovative, global, value-creating performance to the benefit of all our clients and prospective clients.

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NOTICE IS HEREBY GIVEN to holders of the Bonds (\*Bondholder\*) that any Bondholder may, in accordance with Condition 7(D) of the Bonds, by completing, signing and depositing, at the office of any Paying Agent specified below, a notice for redemption, in the form obtainable from a Paying Agent, no sertler than 19th August 1996 and no later than 2nd September 1996, require the Company to redeem on 7th October 1996 all or some only of the Bonds held by such Rondholder. Bandholder.

Any such notice of redemption will be irrevocable and will blind the Company, upon surrender by the Bondholder of the Bond or Bonds to which such notice relates at the specified office of the Paying Agent with whom the notice of redemption was deposited. In redeem such Bonds at a surrelated page of 117 25, to the extended amount of such recomption was deposited to redeem such Bonds at a redemption price of 117.25% of the principal amount of such Bonds together with interest accrued to the date of nd<mark>nei Paying Age</mark>nt WC2R 1HB L-1330 August 6, 1996 By: Cificorp Trustee Company Limited

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U.S. \$100,000,000 Collared Floating Rate Notes

ne February 5, 2003 Series "YV" the Interest Period 5th August, 1996 to 5th February, 997 the Notes will carry a Rate f Interest of 5.59375% per NUMBER THE COMPOSE AND per U.S. \$1,000 Note will be U.S. \$28.59, per U.S. \$10,000 Note will be U.S. \$285.90 and er U.S. \$100,000 Noze will U.S. \$2,859.03. The next rerest Payment Dane will be 5th February, 1997.

#### COMPANIES AND FINANCE: THE AMERICAS

## **GE** Capital spends \$1.8bn on First Colony

By Richard Waters

GE Capital, the financial services arm of General Electric, yesterday reaffirmed its position as one of the most active buyers of US life insurance companies as it unveiled a \$1.8bn acquisition of First Colony, a company based in Lynchburg, Vireinla.

The agreement follows a decision by First Colony's board two months ago to put the company up for sale. Before talk of a sale began to emerge, the company's stock was trading at below the \$28 at which it was floated on in 1992, putting its directors under pressure to find a way

to lift its share price.
The acquisition will add \$11bn of assets to GE Capital's annuity and pension operations, which are centred around its GNA subsid-

Mr Michael Fraizer, senior vice-president for investment products, did not rule out further acquisitions by GE Capital, but said the company would now concentrate on expanding its existing insurance opera-

The acquisition of First Colony will reinforce GE Capital's range of products in three areas where it is not presently strong, Mr Fraizer

These are: structured settlements, which are annuitylike contracts bought by biggest recipients of court awards or disability settlements; retire-

ment annuities; and term

In an industry where size

importance, the addition of \$11bn of assets will also reinforce GE Capital's position as one of the low-cost producers of the US life insurance business

Besides adding to its asset base and product range, First Colony will also extend the number of GNA's sales channels. Mr Fraizer said. conducted through general agents, while GNA achieves a large proportion of its sales at present through banks.

The fact that there is little overlap between their products and distribution channels means that the operations of First Colony and GNA will not be integrated immediately after the acquisition, although Mr Fraizer did not rule out such a move at a later stage.

GE Capital said it would ay \$36.15 a share in cash for First Colony, and expected the deal to close by the end

Among other recent acquisitions, the GE unit paid \$960m for Life Insurance Company of Virginia, a former subsidiary of Aon, which brought it \$9bn of new assets. And a year ago, it bought Amex Life, a unit of American Express which had assets of

GE Capital is also thought to be studying the acquisition of one of the US's reinsurançe companies, American Re. Its existing reinsurance unit. Employers Re, ranks second in the industry in the US to

healthcare companies.

with new regulations.

An erosion of profit mar-

ginshas come as a nasty sur-

prise on Wall Street. Politi-

cians across the nation,

prompted by complaints

from patients, have hit back

For the companies. which

this decade have been in the

vanguard of the US's suc-

cessful assault on medical

costs, this has made for an

There is one thing, how-

ever, that has not changed:

the pace of consolidation

that is transforming the

industry. Over time, this

may prove to be the best

way for the managed care

companies to reinforce their

faltering profit margins. But

it seems unlikely to win

them back friends in state

legislatures across the coun-

try, or in the boardrooms of

companies that pay their

Yesterday's \$2bn acquisi-

tion of FHP International by

uncomfortable few months.

Earnings per share grew 11 per cent to \$0.51 for the quarter ending June 30 1996. This excludes merger and products had yet to make up

other non-recurring costs of the gap. The figures had also \$187m, or \$0.31 a share. the gap. The figures had also been affected by compulsory First-half net sales grew 2 price cuts in Japan. per cent to \$3.51bn, compared with \$3.45bn in the

glaucoma, and Camptosar, for cancer, would help lift growth from the end of the year. Mr Salisbury said that merger savings had reduced operating costs' percentage of sales from 84 per cent in 1995 to 79.5 per cent now. The target was 76 per cent by 1998, equating to \$500m a year in savings. More than half the savings were coming from sales and adminis-

They are also being forced to offer a wider range of services, in turn lifting their costs. Pressure from local politicians is also nudging HMOs into ensuring that patients are given access to a wider range of services. FHP has been among the

customers. To win new cus-

tomers, HMOs are now hav-

ing to light on price.

industry's laggards: its growth rate has slowed at the same time that it has been forced to cut premium rates. Also, it has suffered from running its own, inefficient medical centres. To reinforce its earnings, the company has already moved to separate the medical centres into a new entity and has hacked back its workforce by 15 per cent over the last 12 months. PacifiCare. with a better record of growth and cost control, should accelerate these

the competition for new cus-The new company will also be a leader in the corner tomers has become intense, reflecting the success HMOs of the US managed care marhave already had in signing ket which has the best up most of the big corporations whose healthcare bills growth prospects: insuring retired people. As the Medimake them the most obvious

Falling profits speed consolidation of HMOs care programme for the elderly comes under pres sure, the flow of elderly people into managed care plans is likely to increase markedly. Even with the political uncertainty caused by Washington's efforts to control Medicare costs, the high profits in serving the olderly make this a highly attractive market. Of 4m customers after the FHP acquisition, PacifiCare will have about Im in Medicare.

Eventually acquisitions like these are only likely to rekindle stock market enthusiasm for the managed care companies if they bring a return to higher profit margins - something that will depend in part on a return to

higher prices.
That is already detectable, says Mr Abramowitz, as the biggest HMOs start to win back pricing power as their market shares rise. As a result, the stock market rout may finally be over: but HMOs are unlikely to soar back to the top in any political popularity contests.

Richard Waters

## Pharmacia sales unchanged

first half of 1995.

his is not turning out of managed care companies

to be a happy year for at large. The gradual thin-the US's managed ning of the ranks of large,

publicly-traded companies

that run health maintenance

organisations leaves progres-

sively fewer to be acquired,

raising the stakes for those

that remain. Meanwhile, the

wholesale purchase of small

HMOsreflects the seemingly

unstoppable spread of the

biggest groups. For the stock market, this

is undeniably good news.

Managed care companies have been tremendously suc-

cessful at containing health-

care inflation - their medi-

cal costs are growing at only

around 3 per cent a year, compared with the 13 per

cent growth still being seen

in traditional health insur-

ance companies, says Mr

Kenneth Abramowitz, a

healthcare analyst at San-

The trouble, as Mr Abra-

This bad news on profit

gave a lift to the share prices announcements. Health- shares dropped on news of

Mr Bob Salisbury, chief

financial officer, said sales

had been affected by the

strengthening of the dollar.

Sales rose 4 per cent if cur-

sales growth was still being

held back by competition for

products whose patent had

expired in recent years.

Sales of recently launched

He said the company's

rency effects were excluded.

margins has been delivered

mowitz adds, is that their

prices have not been grow-

ford C Bernstein.

ing at all.

PacifiCare Health Systems in a series of company

By Daniel Green

premiums.

Problems in Japan and the US, and with currency movements, left second-quarter sales at Pharmacia & Upjohn, the US-Swedish drugs company created by a merger last year, barely changed at \$1.8bn.

But cost savings as a result of the merger boosted net profits, before restructur-

source, one of the industry's

biggest companies, turned in

bad first quarter earnings

per cent share price slide.

Humana issued a warning

about its rising medical

costs in early June and saw

its shares lose a fifth of their

Then, in early July, it was

the turn of United Health-

care, the country's biggest managed care company. Its

value in a single day.

thears relative to the Composite (S&P indices)

But he said that launches in the US of Xalatan, for

## Inco to go ahead with deal

known as Exdiam.

By Bernard Simon

inco, the western world's biggest nickel producer, is set to proceed with its C\$4.3bn (US\$3.12bn) takeover of Vancouver-based Diamond Fields Resources following the settlement of a lawsuit brought against Diamond Fields by a group of Texan investors. Diamond Fields, whose

rising medical costs, shed-

ding 30 per cent of their

value in a single day, and

have since made up only a

These announcements

have highlighted two prob-

lems. One concerns prices:

third of that loss.

main asset is the vast Voisey's Bay nickel, copper and cobalt deposit in eastern Labrador, has agreed to pay US\$25m to the Texas group,

Diamond Fields' co-chairman, Mr Jean-Raymond Boulle, was at one time a shareholder in Exdiam. His former partners alleged that he diverted business opportunities from Exdiam to Dia-

mond Fields which helped it finance the Voisey's Bay discovery. They originally claimed a share in the Voisey's Bay property.
Diamond Fields contended

that the suit, which emerged only after Inco's agreed bid in March, was designed to exert maximum pressure for a substantial cash settle-

ment. Inco said it would not finalise the deal until the dispute was resolved. Inco would have been at

liberty to walk away from the deal or propose a new offer if a settlement had not been reached by August 31. Mr Bouile further agreed to dismiss his \$207m Texas lawsuit against the Exdiam litigants "in order to permit the merger to proceed".

Inco said yesterday it would move to complete the deal as soon as possible, and expected to announce a closing date within the next

#### New Brunswickers play guessing game over Irvings with far wider responsibilities

Saint John, the commercial hub of the Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province of New Brunswick, is a rarity in the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province that the Irvings are all in their 60s.

Based on a rough calculation, the cut-throat world of trucking companies with hundred reds of vehicles, and one of Canadian province that the Irvings are all in their 60s.

Five of KC's six grandsons, the province that the Irvings are all in their 60s. North American business. The city's shipyard and oll refinery (each the biggest in Canada), its daily newspaper, the bus company, the three pulp and paper mills on the outskirts of town, most service stations and hardware stores, and much else besides, all belong to one family:

The Irvings' reach extends well land owned by the province. More than 1,000 Irving Oil service stations dot eastern Canada and New England. The family owns New Brunswick's biggest home are now run by KC's three sons,

the Irvings' publicly-disclosed assets are worth about C\$4bn One thing is certain, however. The Irvings, like several of Canada's other close-knit business

transition period that will determine the future stability of their The family patriarch, Mr K.C.

families, are in the middle of a

rural New Brunswick The contents of his will, like most other things about the Irvings, are a closely-guarded secret. The various Irving businesses

mostly in their 30s and 40s, are

also in the business. The first member of a fourth generation of Irvings has recently surfaced as a iournalism trainee at the Saint John Telegraph-Journal. Mr Jim Irving Jr, KC's oldest

grandson, says: "We all operate in our own areas, but we work closely together." In keeping with the family's whelming presence in Saint John beyond Saint John. They own Irving, died in 1992 at the age of reputation as ferociously hard may has stunted the growth of 2.5m acres of forest in rural New 93, almost 60 years after acquirworkers, Mr Irving adds: "Any small business there. "They

Brunswick, and have cutting ing his first Ford dealership in meetings are very informal. haven't allowed sunlight into the ting the job done and keeping things running. If anyone wants to do business Saturday night or Sunday morning, we're open for business New Brunswickers grudgingly ada and New England.

do so much for the province. says one retired politician. "The question is whether we'd be better off if there was more competi-

tion. Mr Frank McKenna, the province's premier, generally echoes the sentiment that the family has been good for New Brunswick as a whole. But he says their over-

At the same time, however, the Irvings appear to sense their limitations. Their assets are confined almost entirely to the relatively

Mr Kenneth Irving, one of KC's grandsons, told the Saint John Telegraph-Journal last month that "we go where the blueberries aren't quite as thick and that's where we do our picking".

The family has recently shown signs of straying from that rule. Irving Tissue last month signed a deal with Kimberly-Clark, the US paper group, to buy a paper mill near Albany, New York, as well as marketing rights throughout the US for Scotties facial tissues. Scotties has a roughly 6 per cent share of the US tissue market. The fate of the Irving fortune

as KC's three sons approach old in Saint John.

In theory, JK, Arthur and Jack are equals, each running separate parts of the business. There is isolated markets of Atlantic Can- little doubt however, that JK, aged 67, is primus inter pares

than his younger brothers. A person close to the family describes him as "the last Irving with vision and balls". However, JK's older daughter,

Mary Jean, who is president of Indian River Farms, a potato producer on Prince Edward Island. has emerged in recent years as a forceful entrepreneur. Outsiders' eyes are also on 35-year-old Kenneth who helps his father Arthur run Irving Oil.

The family also relies on a group of hard-working, loyal and faceless managers. These could play a crucial role in keeping the keel as the family's control moves from one generation to the

**Bernard Simon** 

Although K. C. Irving died in builder, several long-distance Jim (also known as JK), Arthur 1992, his will is still secret This information appears as a matter of record only, conds described below have already been offered for sale

CS First Boston Effectenbank

Westdeutsche Landesbank

Banque Nationale de Paris S.A.

Dai-Ichi Kangyo Bank (Deutschland) AG

Girozentrale

ING Barings

Sumitomo Bank

(Deutschland) GmbH



#### The Dow Chemical Company

Midland, Michigan, USA

DM 300,000,000 5 % Bearer Bonds of 1996 Due 1999

Issue Price: 101.50 %

Dresdner Bank - Kleinwort Benson

Deutsche Morgan Grenfell

ABN AMRO Hoare Govett ABN AMRO Bank (Deutschland) AG

**SBC Warburg** 

Bank of Tokyo — Mitsubishi (Deutschland)

**BZW Deutschland** 

Fuji Bank (Deutschland)

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**Bayerische Vereinsbank AG** 

Bankgesellschaft Berlin

Commerzbank

**HSBC Trinkaus** 

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#### Millicom International Cellular S.A.

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Goldman, Sachs & Co.

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Donaldson, Lufkin & Jenrette



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Markets

#### COMPANIES AND FINANCE: UK

## Eurotunnel claims Purchase will double Newsquest market share gains

Eurotunnel, the Anglo-French operator of the Chanmonthly passenger and vehicle numbers and claimed further market share gains from its ferry

The company, which is locked into debt restructur-ing talks with its banks, said the number of tourist vehicles carried on its Le Shuttle service had more than doubled last month to 284,393 from 112,060 in the same period last year. "We are taking business

new traffic demand," Euro-Rival operators P&O Euro-

Virgin

**Atlantic** 

The state of the s

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Bernard Sim

Richard Water )

from the ferries and creating

had grown 21 per cent in nel tunnel, yesterday July on the short sea routes. announced a sharp rise in Mr Russ Peters, deputy European Ferries, said Euro-

> had been inflated by price cuts on its services. the current debt renegotize "it will be interesting to tion talks were completed. see what price structure they work to when the com-pany has to return to the real world on making a

profit," he added. Eurotunnel said freight railfreight tonnage rising from 158,832 tonnes to 214.141 tonnes.

carried on Eurostar services, the entire cross channel meanwhile, rose from 308,027 market for tourist vehicles to 529,330, taking the total so far this year to 2.76m. Eurotunnel's share price

in London, however, failed managing director of P&O to react to the news. It was unchanged at 101p. Most tunnel's share of the market City analysts said the shares were unlikely to react until the current debt renegotia-

The deadline for reaching a deal rescheduling Euro-tunnel's £8.4bn of debt was end of September.

On analyst said: "It may traffic had increased year-on-year from last July's 37,126 captured 50 per cent of the trucks carried to 58,978, with market. But even if it had 100 per cent, the company rom 158,832 tonnes to would probably not be able 14,141 tonnes. to service the debt that it The number of passengers has accumulated."

## BA rift with talks with

**BWIA** 

By Bernard Gray Virgin Atlantic, the airline owned by Mr Richard Branson, is in talks with the improved in popularity. Caribbean airline BWLA

between the two carriers. The talks follow an approach to Virgin by BWIA, and are aimed at strengthening the Caribbean carrier's position against British Airways, its main competitor on routes to London, and American Airlines, which flies short haul routes from the US to the Carib-

about a possible alliance

Talks are at an early stage, but Virgin has pro-posed a number of possible ways in which they could

These include code-sharing, which would allow either company to book pas-sengers on to each other's aircraft, through operating. cent equity stake in BWIA.

An alliance would help both companies, as Virgin has strong routes into Florida and has a large Caribbean holiday business which BWIA would be able to feed into. BWIA would increase Virgin's access to routes in the region allowing it to expand its holiday business. However, agreement on any

# **USAir widens**

British Airways lifted pre-tax profits 11 per cent to £150m (\$234m) in the three months to June 30, as travellers took to flying further, and first and club class seats

The improvement came despite a steep rise in operating costs and a slight decline in the average percentage of seats sold on each flight.

Mr Derek Stevens, chief financial officer, said seat occupancy was hit by the threat of a pilots' strike, now withdrawn. Staff costs rose 12 per cent because of a 5 per hirings. Higher profits coincided

USAir seeking to dissolve their alliance, said it was confident "all actions and agreements, including our proposed alliance with American Airlines, are consistent with the law and our obligations to USAir." BA appears willing to

renegotiate its deal to allow USAir a larger share of the revenues. But Mr Stephen Wolf, the former United Airlines chief appointed chairman and chief executive of USAir in January, is taking a tough line. USAir is alleging breach of contract and anti-trust violation by BA cent pay rise and increased and its would-be new partner, American Airlines.

Although BA has a 24.6 with signs of a deepening per cent stake in USAir and rift between BA and its has two directors on the American code-sharing part- board, analysts believe it. er, USAir. may prove impossible to Yesterday, BA, which rebuild relations.

were valued at £56.4m at the yesterday showed that West-

By David Blackwell

Newsquest, owner of 120 UK regional newspapers, yester-day effectively doubled in size with the £305m (\$476m) cash acquisition of Westminster Press, the regional newspaper group.

Pearson, the information, publishing and entertainment group that owns the think we paid a fair price - £280m and a Financial Times, put the I'm not suggesting we ran than £500m. company up for sale on June away with a bargain." Earlier th

estimates that the sale will profits of \$18.2m (\$4.2m) in yield a profit of about £238m. Newsquest is backed The selling price represents Roberts, the US investment about 14 times, or just about 15 times, or just about 15 times, or just about 16 times, or just about 16 times, or just about 16 times, or just about 17 times, or just about 18 times, or just abo of Newsquest, said: "We think we paid a fair price -

Jim Brown, chief executive

end of last year, and Pearson

the six months to June 30. bined businesses would have

annual sales of more than £280m and assets of more

minster Press had operating

Earlier this year KKR tation in a couple of years, Pearson's interim results backed Newsquest in its pointing out that KKR's

£205m management buy-out average investment was for of local newspapers from Mr Brown dismissed any Reed Elsevier. Yesterday the US group was joined for the suggestion the regional newspaper business was in the first time by CinVen, which had previously been decline as "a nonsense". Peo-

seen as a front-runner to buy Westminster Press outright. Mr Alexander Navab, of KKR, said that a lot of value had been created within Newsquest already. He dismissed suggestions of a flo-

then cable - but it had not happened. The deal is not expected to

ple had said radio would kill

papers, then television, and

be concluded until the end of this year, as it is subject to consent by the Monopolies

## Hollywood head for Penguin

I nerve are two salient features in the choice of Mr Michael Lynton's 'opportunity of a lifetime' as chairman and chief executive of Penguin.

One is his age. At 36, he Netherlands and the US, will be the youngest head of one of the world's largest believes that aspects of his film production experience book publishing groups. The second factor is that he is book publishing. joining Penguin from a Hol-

lywood movie studio, rather than another book publisher. Mr Lynton, who orchestrated such box office hits as The Rock and Dangerous Minds as president of Holly-wood Pictures, one of Walt Disney's film production subsidiaries, seems sanguine on both fronts. Tve always admired Penguin as a company," he says. "It seemed to be the opportunity of a life-

time – my dream job." For Pearson, Mr Lynton's youth forms part of an ongoing policy of rejuvenating its senior management. As Lord from his predecessor, Mr Blakenham, chairman, Peter Mayer, than it would pointed out yesterday, all be for a career publisher. but one of the group's operating companies are now run of the lossmaking Penguin by chief executives.

Mr Lynton's experience at Walt Disney, where he ran trade and carte blanche to do its book and magazine publishing division before moving to Hollywood Pictures, also fits into Pearson's strategy of diversifying beyond newspaper and book publishing into other media. guin's reputation by publish-In practical terms Mr Lynning *The Far Pavilions* with a ing into other media.

have a direct relevance to Strategically it makes sense for Penguin to have a

chairman with experience stretching beyond the boundaries of the traditional book trade. "Given the speed with which book publishing is converging with films, television and other areas, it's clever of Pearson to choose someone with multidisciplinary experience," says Ms Lorna Tilbian, media analyst at Panmure It could also be argued that it may be less daunting

for Mr Lynton to take over in 1978, reputedly with the fattest salary in the book what he wanted, he has transformed its financial fortunes and turned himself into a publishing legend. He first hit the headlines

for allegedly sullying Penton, who was born in the smoothy kiss on the cover UK, but brought up in the and by rushing out paper-



Michael Lynton: just a little

daunted by the move back versions of five of the six books on the Booker Prize shortlist weeks before the awards ceremony. Mr from Penguin to run a family publishing firm with the coup of selling 24m copies of the 60p Penguin 60 series (an idea he hatched to mark the company's 60th anniversary

pocket book series in Spain) and having steered Penguin back to profits growth after a disappointing year in 1995. Mr Lynton says he is "very conscious" of the Mayer legacy and of Penguin's heritage. "From the age of eight to 18 I was in our local book store twice a week buying Penguin classics, so I grew up looking at them on my shelf," he recalls. "It is a little daunt-

However he does have the advantage of arriving at Penguin from Disney, a com-pany with an equally strong, if very different corporate culture. Mr Lynton says it is "too soon" to discuss his plans for Penguin, but he does feel there may be scope to develop the brand as Disney has done under the chairmanship of his old boss, Mr Michael Eisner.

"When Michael Eisner and Frank Wells (former president) came to Disney they were cognisant of what the name meant in American Mayer, now 60, is retiring culture and had a deep understanding of it," he says. "Penguin is the only international brand in book publishing. It may be possi-ble to develop a brand like that in unexpected ways, as after spotting a 100 peseta they did at Disney."

#### Mindscape loss hits Pearson

Pearson announced a sharp fall in first-half profits, as provisions and operating losses incurred at its Mindscape multimedia subsidiary dented an otherwise robust performance by the information, publishing and information group, writes Tim

The company, which owns the Financial Times, said it had been hit by losses and £38.8m at Mindscape.

That pushed pre-tax profits down from £50.5m to £30.2m (\$47m) in the six months to June 30. Sales, however, rose from £780,9m to £939.6m.

Lord Blakenham, chairman, said: "Our progress is obscured by the Mindscape losses, but management action there is well under way and does not distract us from the important task of driving Pearson forward."

The sharpest improvement was recorded by the information division where profits rose by 45 per cent from £37.6m to £54.4m.

The education division reported increased operating losses of £22.4m (£15.9m). while there were losses of £6m (£38,1m profits) in the entertainment division.

#### **London Fiduciary** aircraft, through operating aircraft on the same routes, placing for £15m

Aim-listed company chaired by former England cricketer Mr Phil Edmonds, has raised a further £15.5m (\$24.2m) through an institutional placing to fund its gold mining the Philippines, writes Kenneth Gooding.

move is some months away. The talks are not a prelude to a series of deals with smaller airlines by Virgin, which has its principal codesharing alliances with Delta of the US and Malaysian London Fiduciary Trust, the gold production from three mines in the Philippines to against 8,000 last year.

The programme involves total expenditure of \$37m. The company recently said its proven and probable gold reserves had jumped from 870,000 ounces a year ago to Mr Fred Mason, former 4.9m ounces in a portfolio merations chief at Freeport put together by Mr Frank Lubbock, an Australian min-Indonesia's Grasberg coppergold mine who ing engineer who is the big gest shareholder. His stake falls from 18 to 14 per cent. appointed chief executive at yesterday annual meeting, said the funds should enable The company's name is the company to increase



August 1996 - Waiting for Leica

Each Leica is an original in its

own right - never a mere copy. 77

(Alfred Eisenstaedt)

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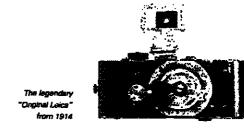
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#### The Government of Punjab, Republic of India Department of Lotteries



Agency to run On-Line Lottery

The Department of Lotteries, Government of Punjab. India invites bidders to participate in a competitive bidding process for selection as an exclusive Agent of the Government of Punjab for running an On-Line Lottery throughout India.

- The Agency will be granted for a period of five
- Highlights of the pre-qualification conditions are given below:
- the bidder should have minimum three years of relevant experience in on-line lotteries or gaming; \* the bidding consortium should have a minimum networth of Rs.500 million and a minimum gross
- turnover from operations of Rs.2000 million; \* the company with the revelant experience must have atleast 26% shareholding in the

Tender Documents will be available at the addresses given below on receipt of a letter of interest accompanied with a bank draft of Rs.10,000, drawn in favour of "The Director - Punjah State Lotteries" payable at Chandigarh. Last date of receipt of request for the tender document is August 27, 1996.

The Director, Punjab State Lotteries, Batra Building II, SCO: 106-108. Sector 17-D. Chandigarh 160 017, Tel: (91-172) 702634

Chief: International, ICICI Securities and Finance Company Limited, 41/44. Minoo Desai Marg, Colaba, Mumbai- 400 005, Tel: (91-22) 288 2460

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#### COMPANIES AND FINANCE: UK

## Midland to expand First Direct

By George Graham, Sanking Correspondent

Midland Bank has given the go-ahead for further expansion of its First Direct telephone banking subsidiary to keep pace with a flood of

Mr Keith Whitson, Midland's chief executive, said First Direct's two current telephone centres would probably cope until the middle of next year, and the expansion should enable it est in the UK banking sec- from 2.86 per cent to 2.57 per to keep pace with more than tor, operating expenses cent. Sir William Purves,

month for another year. First Direct's growth, coupled with tight cost control in the main UK banking operations, helped Midland pre-tax profits to £651m (\$1.02bn) for the six months

to June 30. which spending on new computer systems and branch refurbishment kept Midland's costs among the high-

10,000 new customers a dropped to £1.13bn. The bank's cost to income ratio fell from 68 to 62.8 per cent. Midland is the principal UK division of the HSBC international banking group. to a 24 per cent increase in it contributed almost 30 per pre-tax profits to £651m cent of group profits, which

climbed to £2.32bn before tax, up 34 per cent. Midland increased its market share in the UK and lifted net interest income by 4.5 per cent to £984m despite a drop in net interest margin

HSBC's chairman, said about 10 basis points of the drop in interest margin was attributable to the start-up of the UK's new gilt repurchase

In addition, fierce competi-

tion in the UK mortgage market depressed margins. though the pressure now showed some signs of easing. HSBC Midland, incorporat-

ing the group's treasury operations in London, New York and Tokyo, increased operating profits by 72 per cent to £79m, with interest rate derivatives boosting dealing profits.

HSBC Investment Bank. ing, which since April 1 has combined the James Capel equities business with the Samuel Montagu investment bank, increased pre-tax profits by 71 per cent to £174m. buoyed by the sale of most of the group's stake in Kny Hian James Capel; a lending Singapore stockbroker.

Sir William said HSBC had no plans to acquire a UK life assurer or US investment

costs peg

London Pacific Group, the

investment management

company formerly known as Govett & Co. yesterday

reported profits still held

back by the costs of its legal

battle with one of the funds

it managed, writes Nicholas

London

**Pacific** 

Legal

## Filtronic hit by US delays

By Patrick Harverson

Filtronic Comtek, the elecoms components group, warned yesterday that prof-its this year would fail to meet analysts' expectations as a result of US companies delaying expected orders for its equipment.

The shares, floated in October 1994 at 105p, fell 49p to 1960.

The company, which makes components for the worldwide mobile telecommunications market, vester day reported a slight fall in annual pre-tax profits from 23.28m to £3.25m (\$5.07m).

Filtronic warned in March that its profits would be hit by delays in US orders caused by systems manufacturers experiencing technical trouble developing code divi-sion multiple access (CDMA) systems, a US version of dig-

Yesterday, it said the delays were proving longer while development spending biggest customers - AT&T

David Rhodes (left) and John Samuel, finance director: delays

than management had on the CDMA programme expected. "Earlier this year had continued to climb, US we thought the delay would sales failed to meet expectabe three to six months, but it's turned out to be nine to 12 months," said Professor David Rhodes, chairman.

(18.7 ) (38.8 )

The delays meant that noting that two of Filtronic's

Professor sed confidence about the outlook for CDMA.

and Motorola - had recently secured federal approval for

their systems. Despite the setback over CDMA, total sales climbed 30

per cent to £33.4m last year. driven by growth in Europe, Australia and in non-CDMA

Profits before tax at the group. which consists mainly of US businesses, but is listed in the UK. fell 4 per cent to \$13.8m in the six months to June. The drop was attributed to an exceptional item of \$4.4m of legal Last vear American

Denton.

Endeavour accused Govett & Co - as London Pacific was then called - of racketeering and other offences. It filed suit for \$67m in damages, first in the US and then in Jersey, London Pacific countered with a claim for \$446m. It contended that American Endeavour derailed its planned acquisition of Duff & Phelps, the US investment management In 1995, London Pacific

spent \$9.2m on litigation. The first half of 1996 brings that total to \$13.6m, making it one of the most expensive legal disputes in the fund management industry. London Pacific said it expected ture to continue.

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moditions of the Notes, notice is herei given that the Rate of interest for the interest Period 1 August 1996 to 2 February 1997 has been fixed at amount per 5100,000 will be 53,758.22 pepable on 3 February 1997 against presentation of the relevant Note.

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RESULTS

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1	Lots *	14.3‡	(9.371)
ı	McKay Sees Yr to Mar 31	9.26	(9.16)
	Pearson 6 mths to June 30	939.6	(780.9 )
. !	PSTT Yr to Mar 31	22.40	(21.20)
1	Telewest Comms 6 mths to June 30	133.5	(55.4)
	Verson letti Yr to Feb 2	106.5	(104.8 )
	Zotefearms 6 miles to June 30	10.3	(12.1)
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6 miles to Mar 31

Estimings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. WAfter exceptional credit. †On increased capital. ‡Total charter income. ☐ Net income.

(0.64L) (7.57) (135) (3.28) (1,737) (1.62) (2.95) (50.54) (34.4)

## HSBC Holdings plc



## 1996 Interim Results

Half year to	30 June 1996	30 June 1995
Profit before tax	£2,321m	£1,737m
Profit attributable to shareholders	£1,586m	£1,203m
Earnings per share	60.14p	46.11p
Dividends per share	15.00p	9.25p
Capital resources	£23,403m	£19,464m

First half 1996 over first half 1995:

- Pre-tax profit up 34% and attributable profit
- Pre-tax profit up 28% and attributable profit up 27% in Hong Kong dollars
- Earnings per share up 30%
- Dividends per share up 62%
- Total capital ratio 15.3% and tier 1 capital ratio 9.8%

Comment by Sir William Purves, HSBC Group Chairman

Our results for the first half of 1996 were good. A number of features were particularly satisfying. In Midland Bank, operating expenses declined. First Direct continued to make good progress, adding 88,000 customers and steadily growing its profitability. Our global custody business won significant new accounts. In Hong Kong, action taken in the last eighteen months to strengthen and expand our treasury centre has generated stronger foreign exchange earnings. Hang Seng Bank continued to expand the proportion of its balance sheet taken up by advances to customers. Our other businesses in the rest of the Asia-Pacific region also performed well.

The Board has declared a first interim dividend of 15 pence per share, an increase of 62 per cent compared with 9.25 pence declared at this stage in 1995. This increased interim dividend reflects both the Group's improved results and the desire to increase the proportion of the annual distribution paid out at the

The Board also plans to accelerate the distribution of dividends following the year-end by paying a second interim dividend in respect of 1996 in lieu of a final dividend. This dividend will be declared with the yearend results in early March for payment in early May.

Our markets remain highly competitive and are undergoing structural change. With strong capital and liquidity and with a loyal and dedicated workforce, we look forward to the challenges and opportunities that lie ahead. 33

The 1996 Interim Report will be sent to shareholders on Friday. 16 August 1996 and copies may be obtained from Group Public Affairs at the address below

rated in England with limited liability ed Office and Group Head Office: 10 Lower Thames Street, London EC3R 6AE, United Kingdon

#### 1996 INTERIM RESULTS

"The transformation of Pearson into a media group with powerful international businesses continues."

	1996	1995		1 <del>99</del> 5
	Half year	Half year	% change	Full year
Sales	£940m	£781m	+20%	£1,830m
Operating profit	£49m	£71m	-31%	£260m
Profit before tax	£30m	£50m	-40%	£365m
Earnings per share	2.8p	8.5p	-67%	47.1p
Adjusted earnings per share	4.0p	7.8p	-49%	28.8p
Dividends per share	6.9 <sub>P</sub>	6.325p	+9%	16.5p



The International Media Group

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#### INTERNATIONAL PEOPLE

#### Sam hands on Simex chair

Simex, the Singapore futures exchange which was thrust into an unwelcome spotlight over the Barings bank crisis, is shuffling its senior board members. Elizabeth Sam, who has served the maximum term as chairman, is stepping down and will be replaced by

Victor Liew Cheng San. Liew graduated in 1972 and, after working for an American bank in Singapore, joined Overseas Union Bank as head of Treasury in 1980. He has been a director of Simex for the past five years and is chairman of the exchange's clearing house committee.

Sam started her career with the ministry of finance in 1962 and in 1971 was transferred to the Monetary Authority of Singapore, where she rose to chief manager. She was also a main board director of Mercantile House, which was taken over by British & Commonwealth before it collapsed.

She has been a director of Simex since it was set up in 1984 and has erved two three-year terms as chairman. She will continue as deputy chairman. Peter John

#### More fun with Hahn

North Americans already spend a big chunk of their leisure time in shopping malls. In an effort to keep them there even longer, mall developers are adding a plethora of entertainment facilities.

So it comes as no surprise that the new senior vice-president at The Hahn Company, one of the US's biggest regional shopping mall developers, is David Malmuth, formerly vice-president at Walt Disney's development arm.

Hahn, which manages 38 shopping centres with 33m sq ft of retail space, is wholly owned by Trizec, the Toronto-based developer controlled by Peter Munk, the Canadian entrepreneur.

Malmuth, 41, joined Disney in 1988. His projects have included the renovation of New York's New Amsterdam theatre, one of the grandest around Times Square. which itself is in the throes of an elaborate facelift.

Hahn reckons its Horton Plaza mall in San Diego is the shape of things to come. The mall claims to be the city's third biggest tourist attraction. Arnold Schwarzenegger was on hand last year for the opening of a 13,000 sq ft Planet Holly-

wood restaurant. A Warner in the run-up to the planned intro-Brothers studio store meanwhile duction of a single European curdisplays replicas of three F-14 jets piloted by Bugs Bunny. Tweety and the Tasmanian Devil. Malmuth should feel at bome. Bernard Simon

#### Quinn heads bank

Lochlann Quinn, brother of Ruairi Quinn, the Irish Republic's finance minister, is to become nonexecutive chairman of Allied Irish Banks, the country's largest bank. Quinn, 54, succeeds Jim Culliton, who is retiring for personal reasons after just one term.

The appointment, which was unanimously approved by the board, took many bankers by surprise. Quinn has been a director for only 14 months, having joined the board as a non-executive director in May 1995.

Apart from a stint on the board of the National Museum, he has none of the high-profile public service experience of Culliton or the previous incumbent, Peter Sutherland, the former EU commissioner and head of the World Trade Organisation.

His three-year term at the head of AIB will cover the critical period of South Africa's nascent profes-

rency, when Dublin's financial services sector is expected to undergo a big adjustment as its foreign exchange business is cut and institutions try to absorb the one-off costs of conversion to the Euro.

Quinn is former partner with Arthur Anderson, the local branch of the US accountants. He owns 26 per cent of Glen Dimplex, a successful consumer electronics company, and also has hotel and restaurant interests.

Those include a stake in Patrick Guilbaud's, Dublin's foremost restaurant, which received its second Michelin star this year - just in time to lure the European bureaucrats who will be billetted in ireland during the country's sixmonth presidency of the European Union. John Murray Brown

#### SA soccer top job

Trevor Phillips, who resigned in May as commercial director of the English Football Association after a row over ticket sales for the Euro 96 championships, has landed a new job on the wild frontier of corporate soccer, as chief executive sional football premier league.

Phillips, 54, moved to the PA in 1992 from the Football League. His hard-nosed style - a stark contrast to that of the British football administration old guard - could be just the ticket for the 18member South African league, which has been beset by controversy in the build-up to its launch next month.

Earlier this year, the South African sports minister launched a judicial inquiry into the business dealings of the South African Football Association and the old-format National Soccer League. Last month, the league's former public relations officer, Abdul Bhamjee, was released from prison on parole, after serving less than half of a 14-year sentence for his part in a multi-million-rand fraud.

Phillips, who is on an initial oneyear contract, has been charged with building the league's sponsorship, television and merchandising business. A R60m (\$13.4m) sponsorship deal with the South African Broadcasting Corporation to screen at least two matches a week is in place, but no fixture list has been arranged. The new season kicks off on August 9. Mark Ashurst

#### ON THE MOVE

■ Louis Gallois, chairman of French state aircraft manufacturer Aerospatiale, has been appointed head of

the SNCF state railway company. Olivier Vincent has been named by GTE DIRECTORIES of the US to the new position of vice-president/general manager, Europe, based in Brussels, where GTE publishes directories in partnership with Belgacom through their joint-venture company, BDS. GTE is one of the largest publicly held telecommunications companies in the world. ■ Daniel Canel joins UBS SECURITIES as senior

managing director and head of North American and European emerging fixed income market sales. trading, research, origination and syndicate. He was previously co-head of global emerging markets at Chase Manhattan Bank. 🔳 Wayne Murdy has been

appointed executive vice-president of NEWMONT MINING CORPORATION and Newmont Gold Company. John Dow becomes senior

■ Michael Dawe becomes vice-president, sales and distribution of EQUITABLE LIFE INSURANCE COMPANY of CANADA.

Yotaro Wakayama becomes a director of Perusahaan Sadur Timah Malaysia (PERSTIMA); he replaces Tadaatsu Kohara, who resigned on June 21. ■ Douglas Woods has resigned as president and chief operating officer of WICKES LUMBER of the US Steven Wilson, chairman and chief executive, has reassumed the duties of

Albin Moschner has resigned as president and chief executive of ZENITH ELECTRONICS. Peter Willmott, a member of Zenith's board for the past six years, takes over as interim president and chief executive.

■ Klaus Bechmann has resigned as chairman of BRANDKASSE, the German savings-insurance group, with effect from October ■ Manfred Ahlsdorff, 61, has resigned as management board chairman of GESTRA. the industrial fittings manufacturer now 90 per cent controlled by Siebe of the UK.

■ Marcial Portela Alvarez

executive of TELEFONICA DE ESPANA's unit

Telefonica Internacional, replaing Ignacio Santillana. Portela is a former general director of Argentaria. Santillana becomes head of Telefonica's international communications department.

■ AMERICA WEST AIRLINES has appointed Kevin Short as vice-president, revenue management.

■ Thomas Flournoy joins the executive management committee of NEW YORK LIFE INSURANCE.

Rachel King succeeds James Barratt as chief executive of GENETIC THERAPY, a wholly owned subsidiary of Sandoz, on August 31. King is now vice-president of product

planning. Four staff vice-presidents have been appointed at TIMES MIRROR: Debra Domeyer, Stanley Foutz. Martha Goldstein, and Jean Jarvis.

■ Paul Gerbecks, 48, joins the executive board of DEUTSCHE BORSE. He will take charge of the information technology division.

🔳 Graeme McGregor joins the board of BROKEN HILL

from August 20.
■ Christine Morin-Postel, 49, chairman and chief executive of Credisuez, joins the board of RANK ORGANISATION of the UK. as a non-executive director.

executive director of MARUICHI MALAYSIA STEEL TUBE. He will be replaced by Yoshihisa Morikawa. ■ Tan Beng Lee has been appointed chief executive of

■ Yuji Wada has resigned as

GREAT EASTERN LIFE ASSURANCE. He replaces former managing director A J. Pathmarajah, who resigned in January.

■ Malcolm Sherman has been appointed non-executive chairman of the board of ECKO Group, manufacturer and marketer of branded housewares products.

■ Norm Fussell retires as chairman and director of HIGHLANDS GOLD of Australia. William Hodgson will act as chairman for the

time being.

Daniel Mudd has been appointed by GE CAPITAL SERVICES as president of GE Capital Services

Asia-Pacific, based in Hong

■ Pier Carlo Falotti, executive vice-president for AT&T, is resigning from September 1. John Petrillo, 47, executive vice-president for strategy and service innovation, will assume responsibility for international operations.

■ Paul Hofer, former head of Credit Suisse in London, has been appointed management board chairman of CREDIT SUISSE (Deutschland), where Bertil Rydevik has ioined the management board and Friedrich Kenn has stepped down as a management board member. ■ Fritz Kall, 44, has been appointed finance director of

DEUTSCHE BABCOCK. ■ Microsoft has promoted seven product group leaders to vice-president. They are: Robbie Bach, marketing. desktop applications; Lewis Levin, desktop finance; Rick Thompson, input services group; Brad Chase, developer relations and

marketing, Internet platform and tools; Moshe Dunie, engineering general management, desktop business and systems; Rich Tong, marketing and training, desktop and business systems; and David Vaskevitch, database and transaction products, desktop and business

systems. Mamold

LAROCHE INDUSTRIES as chief financial officer. William Hodder is retiring as chairman and chief executive of DONALDSON COMPANY after 27 years. William Van Dyke takes over as chairman, president and chief executive. **■** John King becomes managing director of ALLIANCE GAS, the UK gas marketing subsidiary of Statoil, the Norwegian state-owned oil and gas company. Alliance, which began trading last week, has taken over the customer base, assets and staff of a previous company of the same name that was jointly owned by Statoil, BP and Norsk Hydro. King was formerly with Statoil's US operations; the rest of the management team has been inherited from the old Alliance Gas.

#### International appointments

Please fax information on new appointments and retirements to 44 171 873 3926, marked for International People. Set fax to 'fine'.

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#### INTERNATIONAL CAPITAL MARKETS

## More buoyant sentiment lifts hopes

and Conner Middelmann

Although markets performed erratically yesterday, ana- nical analyst at MMS interlysts agreed that a shift to a national, believes the bull more bullish overall mood had taken place.

"There has been a shift in Sentiment," said Mr Kirit Shah, chief market strategist at Sanwa International. **'Market participants now** seem convinced there will not be a rate hike [by the US Federal Reservel this month." The Fed's open market committee will hold its

next meeting on August 20. The US long bond was trading at 901 in early afternoon in New York, down 🔩 to yield 6.754 per cent. In Chicago, the September T-Bond future was also & lower at 1111. "Trading has

bond], from the previous spread stood at 35 basis range of 6% to 7% per cent." said Mr Shah.

Mr Tom Pelc, senior techmarket is likely to persist until the end of the year. "The yield on the long bond will remain below 7 per cent and gradually ease towards 6% per cent in the next cou-

#### GOVERNMENT **BONDS**

ple of months," he predicted. Mr Pelc also expects bunds and several European markets to reach new contract highs soon, but he is confident US Treasuries will perform strongest.

"The yield spread between 10-year Treasuries and bunds will disappear before shifted to a yield range of  $6\frac{1}{2}$  bunds will disappear before have a pop at the franc," to 7 per cent [on the 30-year the year-end," he said. The said one trader.

62 basis points one week earlier, Mr Shah, however, is less bullish and expects yields to end the year higher. "Signs of stronger economic activity later in the year will lead to a correction in the market." he said.

French bonds had a more active day, with both the long and the short end of the vield curve coming under pressure from weakness in the French franc.

The short end suffered the worst declines, with the Sep-tember Pibor future falling by 0.10 point to 96.03 on fears that the weaker currency might lead to a rise in money-market rates. "With volumes so thin, quite a few speculators would like to

Matif's September notional points yesterday, down from future also fell 0.10 point to 123.64. France's 10-year bond spread to Germany widened to 2 basis points from an even level on Friday.

> German bonds had a lacklustre session, with the bund future on Liffe stuck in a 14-tick range between 97.66 and 97.80 all day. The contract closed at 97.71, down

> Traders were awaiting today's release of unemployment numbers, which usually rise markedly in July. However, some dealers were calling for a net fall in the jobless number after the seasonal adjustment. They said the data could trigger a round of profit-taking after last week's steep gains.

■ UK gilts were cheered by lower-than-expected indus- of the summer".

helped gilts' 10-year spread over bunds narrow by 2 basis points to 165 and spurred some curve-lengthening trades. Sterling's strength lent additional sup-

port to the market. The long gilt future on Liffe ended at 108, up &.

■ Italian bonds resumed their rise, although at a more moderate pace than last week. Liffe's September BTP future settled at 117.11, up 0.11. In the cash market, the 10-year yield spread over bunds stood at 309 basis

Ms Yasmine Ravai of Credit Lyonnais Asset Management believes the convergence process "is temporar-ily on hold" and predicts that the spread tightening "will resume before the end

#### July ends upward trend for high-yielders

By Conner Middelmann

Global government bond markets underwent a marked trend reversal last month, with the core European markets performing more strongly than their high-yielding counterparts, according to J.P. Morgan's monthly bond index monitor for July.

Germany was one of the strongest performers in July, producing a 4.52 per cent return in US dollar terms and 1.13 per cent in local currency terms. French bonds returned 4.19 per cent in dollars, or 1.14 per cent in French francs. Denmark, the Netherlands and Belgium also followed Gernany's lead.

The European high-yielders' five-month run as the top performers in the Global Bond Index ended as investors took profits in volatile trading, selling Italian, Spanish and Swedish bonds as weakening fundamentals made further rate cuts in these countries less

Italy was also dogged by political nervousness and currency weakness in July, while Spain's market was rattled by the discovery of a large shortfall in the

In local currency terms. Italian and Spanish government bonds produced a return of 0.33 per cent in July while Sweden yielded a negative 0.13 per cent

On a local-currency basis, the Japanese market was the month's worst performer, recording a negative return of 0.28 per cent.

Meanwhile, J. P. Morgan said it would incorporate Finnish government bonds in its Global Bond Index starting July 31.

## LCH provides crisis cover for derivatives

Members of the London Clearing House, which settles business traded at London's derivatives exchanges, will provide £150m to counter any Barings-style

The fund is part of a sliding scale of disaster protection that kicks in if a party trading through the exchange defaults on its obli-

gations. It is part of proposals outlined by bankers transferring the century-old clearing house from its current owners - Barclays, Lloyds, Midland, NatWest, Royal Bank of Scotland and Standard Chartered - to the 174 members and five exchanges which operate through it.

Further down the scale is provision for £100m of insurance cover. LCH started life in 1888 as

a clearing house for coffee and cocoa. Mr David Hardy. the chief executive, said there had been three defaults since the six banks took ownership in 1982. They were Drexel Burnham Lambert, Woodhouse Drake and Carey (commodities) and Barings.

However, he stressed that, with all three. LCH had needed to tap only the first level of protection, a call on the defaulting member's margin.

'In each case, the amount of money deposited to us was enough to cover and we could close out the book," said Mr Hardy.

"The insurance is new. It is designed so that we can make any decisions regarding replenishment in cool, calm waters rather than the choppy seas after default."

the LCH clears and settles business are the London Metal Exchange, Liffe, the International Petroleum Exchange, the London Copper Exchange and Tradepoint, and the electronic share trading system.

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Each of the existing shareholder banks are also members of the clearing house and will be invited to sub-

scribe in that capacity. Sharing ownership between the members and the exchanges is believed to be unique and is designed to put control of policy in the hands of those who use it as well as to cut costs by up to £10m a year. N. M. Rothschild, which is

advising on the transfer, has outlined several savings which can be made after members have bought their share for between £215,000 and £470,000 (depending on the number of subscribers), and have paid into the default fund.

 As dividends to third party owners will disappear, any surplus at the end of the year will be returned to

members. • interest will be paid on all margins, ending a tradition of having an initial

interest-free tranche. Annual membership fees will be abolished.

Also, with memories of Lloyd's still disturbingly fresh, the LCH has stressed that membership will be on a limited-liability basis. In the event of a second Sumitomo-inspired copper price plunge, a member's liability will be restricted to the contribution made to the

defaults fund. If more cash is required, a member could resign and clear its business through The exchanges for which another firm.

Aug 2 Yr. ago Aug 5 Aug 2 Yr. ago

7.84

7.75 7.30 7.34 8.14 8.10 8.12 8.17 8.17 8.20

## Azores FRN issue proves highlight of quiet day

**US DOLLARS** 

Banca di Roma(Lone

SWISS FRANCS

**IL LUXEMBOURG FRANCS** 

Rheintryp Finance

E D-MARKS

New international bond issues

By Antonia Sharpe

A more positive tone in world bond markets and signs that investors want to extend the duration of their holdings raised hopes in the eurobond market yesterday that August would produce at least one large 10-year dollar offering from a triple-A rated borrower.

#### INTERNATIONAL **BONDS**

Syndicate managers said demand was increasing for longer-dated paper not only in dollars but in D-Marks since investors are unlikely to see any new benchmark bunds before the end of the

Several prestigious names, such as the World Bank, Canada and Germany's KfW. were mentioned vesterday as possible issuers of 10-year

WORLD BOND PRICES

ECU (French Govt)

**BENCHMARK GOVERNMENT BONDS** 

There was also speculation that Spain was looking to raise dollars through a fiveyear transaction. although syndicate managers said this deal was more likely to be

September's business.

over Libor. the Azores notes was Libor that the notes were expenplus 18 basis points, and the sive but reported a good demand pushed up their

Among yesterday's meagre offerings, perhaps the most transaction from Portugal's autonomous region of the Azores which raised \$65m through a 10-year floatingrate note (FRN).

Bookrunner CSFB said the notes, which carry a 20 per snapped up by European banks hungry for highquality, Libor-plus assets. In recent months it has become hard to find bonds issued by European Union borrowers DM250m five-year FRN which offer a decent margin

The discounted margin on

noon. CSFB said the notes were rated A2, one notch below the sovereign.

Banks were also the main

buyers of Banca di Roma's which is likely to be called in the fourth year. Lead manager BNP acknowledged response from continental dollar-denominated paper. price from 99.78 at issue to banks. The margin to the

points over Libor, but syndihave been 3 to 4 basis points wider.

1.04 1.23 1.39 1.56 1,79 1.93

102.45 Jun 2002 102.25 Dec 2001

5.75 5.625

0.26 0.51 0.88

xed re-offer price; fees show

Floating-rate note. R: fixed re-offer price; rees shown at re-one 3-mth Libor +1/4%. I) Long 1st coupon. s) Short 1st coupon.

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

0.71

CALLS Nov

0.37 0.56 0.22 0.39 0.12 0.26

cent risk weighting, were 99.85-99.95 in the late after- four-year call is 15 basis as a "senior secured transac tion" because bondholders cate managers said it should had first claim on the oil production royalties paid by international and Argentine oil companies which operate Elsewhere, the asset securitisation trend in Latin concessions in the province.

America continued with a The six-year bonds, which \$150m issue of collateralised have an average life of three crude oil royalty notes from years, were priced on Friday the Argentine province of to yield 403 basis points over Treasuries, Issued at par, the bonds were quoted yesterday Lead manager Lehman Brothers described the deal at par % to par %.

-ACTUARIES	FIXED	INTEREST	INDICES

T-ACTUARIES	FIXED	INTE	REST	INDIC	ES
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T-ACTUARIES	FIXE	D INTER	EST	INDICES	
ice indices	Mon	Day's	Frl	Accrued	xd a
Cities	Aug 6	channa &	Aug 2	interest	wid

Price Indices UK Gülbe	Mon Aug 5	Day's change %	Fri Aug 2	Accrued Interest	xd adj. ytd				Yr. ago		1
Up to 5 years (22) 2 5-15 years (20) 3 Over 15 years (8) 4 Irredeemables (5)	122.49 148.12 162.61 185.08	0.11 0.12 0.19 0.45	122,36 147,94 162,30 184,26	2.68 2.69 2.97 2.65	6.39 7.40 7.36	5 yrs 15 yrs 20 yrs Irred.†	7.16 8.02 8.12 8.20	7.19 8.03 8.14 8.23	7.73 8.11 8.14 8.22	7.22 8.02 8.11	_
5 All stocks (56)	143.06	0.13	142,87	2.79	6.30	-		Metion	5%	_	

Aug 5 Aug 2 Yr. ago Up to 5 yrs 2.53 2.55 3.28 Over 5 yrs 3.72 3.74 3.59 6 Up to 5 years (1) 7 Over 5 years (11)

FT FIXED INTEREST INDICES

Aug 5 Aug 2 Aug 1 Jul 31 Jul 30 Yr ago High Low 113.19 113.02 112.89 112.82 112.82 112.00 115.23 110.74 of Securities high since complision: 127.4 (09/01/35), low 49.18 (03/01/75),

Rum: 8%-10%%; High: 11% and over- † Flat yield, ytd Year to date.	
GILT EDGED ACTIVITY INDICES	

Aug 2 Aug 1 Jul 31 Jul 30 Jul 29

PROBS: US, UK IN JIZNOS,	, omen	3 tJ 08CHURK		Source: MIMS Intern	HOOME
US INTERES	T R	ATES			
Latest			Bills a	and Band Yields	
Prime rate	8 kg 7 53g	One year	5.21 5.31 5.59	Two year Three year Three year 10-year 30-year	5.83 6.07 6.27 6.52 6.75

86.9597 +0.630 8.18 103-18 +4/32 7.02 98-01 +4/32 7.78 108-17 +2/32 7.89 103-13 -4/32 6.49

6.000 02/26 90-12 -6/32 6.76 7.04 7.10 7.500 04/05 104.8200 -0.080 6.74 6.83 7.02

#### BOND FUTURES AND OPTIONS

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	123.78	123.64	-0.10	123.92	123.62	51,615	186,879
Dec	122.42	122.28	-0.10	122.64	122.28	4,681	33,910
Mar	122.18	122.04	-0.10	122.28	122,18	1,007	3,557
LON	G TERM FR	ENCH BON	ID OP TIC	NS MAT	IF)		_
Strike		CAL	LS			PUTS -	
Price	Sep	o Oc	t [	)ec	Sep	Oct	Dec
120	-	-		-	-	0.18	0.49
121	2.68	5 -	2	.00	0,04	0.32	-
122	1.73	2 0.9	2	-	0.08	-	1.06
123	0.87	7 -		-	0.25	-	-
	0.30			.51	0.66		

MOTH	MAL GER	MAN BUNK	FUTURE	S (UFFE)	* DM250,0	100 100ths	of 100%
	Open	Sett pnce	Change	High	Low	Est voi	Open int.
Sep Dec	97.76 96.87	97.71 96.83	-0.03 -0.02	97.80 96.87	97.66 96.80	61279 1368	244512 10764

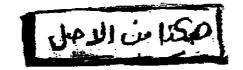
		LIAN GOVT		STP) FUTU	RES		
100.00	Open	Sett price		High	Low	Est. vol	Open in
Sep	116.96	117.11	+0.11	117.30	116.82	29185	63738
Dec	116.40	116.42	+0.12	116.40	116.40	309	4007
E ITALIAN	GOVT. BO	MD (BTP) FU	TURES OP	TIONS (LIFTE	) Line200m	100ths of 1	00%
Strike			18 <del></del>	<del></del>			
Price		Sep	Dec		Sep		Dec
11700 11760		).69 1.42	1.43 1.22		0.58 0.81		2.01 2.30
11800		1.24	1.01		1.13		2.59
Spain ■ NOTION	NAL, SPAL	NISH BON	FUTURE	S (MEFF)			
	Open	Sett price	Change	l-ēgh	Low	Est. vol.	Open int
Sep	101.46	101.57	+0.06	101.58	101 <i>.2</i> 7	30,457	49,474
Sep Dec	Open 107-25 106-31	Sett price 108-00 107-06 URES OPT	Change +0-05 +0-05	High 108-03 107-08	Low 107-23 106-30	Est. vol 21130 54	Open Int 148467 758
Strike		CAI				PUTS -	
Price	Sep		_	ec Sep			Dec
106	0-33		<b>-62 1-</b> 1	2 0-33	1-28	1-50	2-00
109	0-12		-40 0-5			2-28	2-40
110	0-03		-24 0-3			3-12	3-22
EST AOT MOS	I, COB 21	999 Punts 307.	MENOUS C	ay si cepen in	L, Casa, 26	8/8 PUR 2	1085
	NO FUT	URES (MAT	ne) ECU10	0,000			
	Open	Sett price	Change	High	Low	Est. vol.	•
E ECU BO		Sett price 92.20	Change -0.04		Low 92.18	Est. vol. 786	8,471
Sep	Open 92.24 	Sett price	Change -0.04 -0.02	High 92.36	92.18	796 -	•
Sep	Open 92 24  ASURY E	Sett price 92,20 90,46	Change -0.04 -0.02 URES (CE Change	High 92.36	92.18 	796 -	8,471 100
Sep	Open 92.24 	Sett price 92.20 90.46 90.00 FUTT	Change -0.04 -0.02 URES (CB	High 92,36 T) \$100,000	92.18 _ 0 32nds o	786 - f 100% Est. vol.	8,471 100

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825 B-Loc 1997#	8.50	5.70			104	1025	Trees 8120c 2007 ##	8 12	7.84	104		10833	ٽر 101 <u>ٽ</u>	2 <sup>1</sup> 290 109(78.6) 2 <sup>1</sup> 290 11(74.6)	150		* + <u>*</u>	1674	161
ch 15pc 1997	13.56	5.78			1167	1105		10.13	7.54	133,2		13813	130[2		1.54	3.71 171 3.73 141	1 1	1733 143	166 136
ch 9 %oc 1998	9.28	5.82	105%	÷	107/1	104	Treas 9pc 2008 #	8.29	7.88	108 <u>13</u>	+3	712[3	105	21 <sub>2</sub> 0c 16(81,6)	159	3.75 150	22	1524	145
1998##	7 13	6.01	10177	+4.	100%	991	Trees 8pc 2009	8.01	793	9912	_l_	10432	2623	21200 20(83.0)	163	3.78 143		1487	138
985 6-40C 1995-984#	674	6.13	1003		101	979	Treas 6 1/4oc 2010	7 35	8.02	. 85	ولم	88.2	814	21200 24# \$7 7	10	3.77 119	3 3	1223	115
28 15 <sup>1</sup> 20C 28#1	13.11	6.26	1164	***	123%	11733				. —	- 0			4 <sup>2</sup> a0c 30st(135.1)	363	3.77 117		1201	113
ah 12pc 1998	10.76	5.48	11113	+4	1145	111													
90 9 <sup>1</sup> 20C 1999‡‡	8.91	6.52	105.2	+3	105 <u>%</u> 100∰	105십 99권								Prospective real redemp 10% and (2) 5% (b) Fig.		es on pro	Hecasq &		a [
sas Filig Rate 1999	40.00		9941	+3	11633	1126								indexing (is 8 months pri	100 El	No. Or SERVED	00 B104		
th 124pc 1989	10.50 9.55	6.61 8.65	10913	73	1124	108,7								reflect rebasing of RPI t	, 100°	in Cohor	1007		
10 <sup>1</sup> 200 1999	9.30 6.11		887.4 1095	#	982	9343	Over Fifteen Years							Sector 3.945. RPI for Nov		1004. 740	=y 130/		100
Res Got 1999 ##	9.33	6.81	109%	77	112]	1064	Conv Spc La 2011 ##	8.30	8.00	10873		11217	1045	153 C.		10005 140	W 670 K	- July	1000
Weitage 1044pt 1889	9.33 8.45	6.90	106 <sup>1</sup> 2	+14	108(3	1044	Treas 9pc 2072##	8 30	B (14 )	108,김희	ولب	1134	10433	1207-20					
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25 8pc 2000##	7.73	7.02	10345	-1	105%	1005	Tress 7 4:00 2012-15##	7.99	6.09	9612		10143	9313	Other Fixed In	iete	<b>S</b> T.			
25 Fits Rate 2001	1.13	7.02	99%	_	997	993	Treas Spc 2015	8.07	8.08	992		1043	95/1						
	9.01	7.13	110;2	+1-	114	10845									Yi	eld		_ 52 =	-
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							Each 120c 2013-17	5.86	8.17	135,4	+12	1413	130\3						34
							Trees for 2021##	8.09	B. 10	9837	+A	98%	9573	Asiza Dev 103-oc 2009	8.94	8.34 114	Д	120	1112
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3	1.73 0.8	7	-	:	0.08	-	1.05		Dec	11	0-07	111-		111-10	111-04		21,954
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erma			e ==	mee # **		1250 000 125 <del>0-</del> -	of 100						M JAPANESE x 100%	GOVI.	BUND R	JIURES	
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	up to Five Yo		_			Treas & Lape 2005#			71 105				Indox-Linked	(0)			
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1 150c 1997			.78 110%						F4 133		13813		21 <sub>2</sub> 96 11		1.50 3.71	1713 +	1733 186
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5 71 <sub>4</sub> pc 196 6 6-5pc 196	98##		.01 1012 <u>1</u> .13 100 <u>.</u> 2	+3 100;		Tress Spc 2009			99		10432		21206 20	632.0)	3.63 3.78	1439 +1	
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a 101 <sub>2</sub> pc 19			55 109 <u>12</u>	+3 112/	108,4	Over Fifteen Years	_						reflect rebasing	of RPI k	100 in Fi	bruary 1967	. Converse
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	Government Securities 15/10/26 and	Fixed i	nterest 1928.	SE act	tvity Indices rebased 1974.		<b></b>	3.20	origination receipt the later of the later	(	01-70j. DE	
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	China 61 <sub>2</sub> 04 1000	94%	9514	7.54	Ontano 6 <sup>1</sup> 4 03 400 Quebec Hydro 5 08 100	110 <sup>1</sup>	1104 +	4.41	World Bank 9 69 NZS 250	1023	يا 1024	805
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	Foot Jenon Dallactur (Sn NA 1970)	•	369° –7°	6.96	Sweden 41s 03 500	103	1034 +4	425	Sec de France 84, 22 FFr 3000	118	11812	7.20
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	Bec de France 9 98 200	104 <sup>1</sup> 8	104%	6.18				••••	. leased	Bid	Offer	Capa
	Bac da France 9 98	105%	106 <sup>3</sup> 6 1 <sup>3</sup> 6	6.63 6.18		1096	109%	205	Abbey Nati Treesury -16 99 _ 1000	99,89	99.98	5.4786
	Boton Capital 0 04 1800	57%	281 <sup>5</sup>	6.83		108	1084 -4	326	Sanksmerica 4, 99 750 Canade -1, 99 2000 CCCE 0 06 Ecu 200	99.95 99.84		5.7383 5.2507
	Federal Nett Mort 7.40 04 1500	104	1025g +1g 1041g +1g	6.28 6.85	EB 6% 00 100000 Ex-lim Bank Japan 4% 03 105000	115% 108%	115% 108% -4	215 309	CCCE 0 06 Ecu 200	99,58	99.71 99.75	4.2575
	First Motor Creat 4, 98 1500	101	1014	6.02	Inter Amer Dev 74: 00 30000	118	1184	223	Commarchic O/S Fin - 1/2 98 750	99.80		5.3555
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	Inter-Amer Dev 7 <sup>1</sup> 2 05	9542 1034	955 <sub>8</sub> +⅓	6.88 6.90	Japan Day Bk 6 <sup>1</sup> 2 01 120000 SNCF 6 <sup>1</sup> 4 00 30000	1187	115% -%	2.53 2.19	Fed Nat Mort -2 00	100,00 99,69	100.10 99.80	3,3750 5,0977
	Inti Financa St. 00 500	ael.	98 <sup>1</sup> 2	6.03	SNCF 6 <sup>1</sup> <sub>4</sub> 00	115 <sup>1</sup> 8	115%	281	Fed Net Mort -7: 00	99.94	100.00	5.4609
	laily 6 02 2000 laily 6 2 23 3500 Japan Dev Sk 8 1/8 01 500 Korea Elec Power 6 2/8 03 1350	92% 92%	95% 92%, ∔1 <sub>8</sub>	6.90 7.66	World Bank 54, 02 250000	104% 113 <sup>1</sup> >	105 1135 <sub>8</sub>	1,31 2,66	M (55 × 14 4 50 500	100,40	100.50	5.5391 5.7305
	Japan Dev 8k 8½ 01 500	106%	107 <sup>1</sup> H	6.55 7.25		•			Tably 1: 99 1500 UKB Seden-Wuert Fin -1: 88 , 1000	100 <u>.29</u> 99.83	100.35 100.00	5.6675 5.4766
	Matsushita Blac 7 <sup>1</sup> 4 02 1000	103	96 ել դեկ 103 - Էլ	6.74	Bayerische LS Giro 81s 04 LFr . 2000	108	يا- 109	6.83	Licente Sank Pero S 0 10 800	84.91	86.25	5.3500
	Metaushita Elec 7 <sup>1</sup> 4 02 1000 Ontario 7 <sup>3</sup> 8 03 3000 Outer Kontrolibenk 8 <sup>3</sup> 2 01 200	10314	1031 <sub>2</sub> +1 1073	6.96 6.57	Dresdner Bk Lux 83 02 LFr 2000	1	•		New Zestand - 99	99,70 99,62	99.93 100.00	5.5825 5.4453
	Portugal 51 <sub>4</sub> 03 1000 Cuebec Hydro 91 <sub>4</sub> 38 150	944	9412	6.89	World Bank 81 <sub>8</sub> 04 LFr 2000 ABN Armo 65 <sub>8</sub> 00 Fl 1000 Austria 61 <sub>2</sub> 99 Fl 1000 Ball Carepta 107 <sub>8</sub> 99 CS 150	77U% 105	111 <sup>1</sup> 8 105%	5.51 5.08	PEONE SCOTE (2 99)	99,98	100.07	5.8875
-	Cushec Prov 9 04 200	104	106 <sup>3</sup> s	6.46 6.36	Assiris 6 <sup>1</sup> 2 99 FI	104 a	104% 111%	4.86	Ontario 0 99 2000 Portugat & 99 DM 2500	100,02	100.69 100.31	5.4805 3.4492
•	SAS 10 89 200	1075	108	6.63		1034	104 + <sup>1</sup> 2	6.31 7.17	Custos: Hydro 0 99 500 Renie 0 98 500 Spein _2 02 DM 2000	99.61	99.73	5.6875
	SNOF 9 <sup>1</sup> 2 98 150 Spain 6 <sup>1</sup> 2 99 1500	105%	106¼ 100¼ -½	622 627		105%	105 <sup>1</sup> 2 -12 107 <sup>1</sup> 2	6.16	Nerte 0 98	99,77 100,07	99.91 100.14	5.4375 3.3477
i	Simeden 645 DS	999-	99% +1 <sub>8</sub>	6.68	Bec de France 91 39 CS 275	1095	110 +14	5.31 6.22	\$520ab Bik Victoria 0.005 99	89.95	100.09	5.8489
	Tennessee Valley 6 00 1000 Tennessee Valley 6 <sup>3</sup> g 05 2000 Tokyo Bec Power 6 <sup>1</sup> g 03 1000	98% 97%	98%, 97%,	6.47 6.27		1123	112 <sup>3</sup> 4 + <sup>3</sup> 6 111 <sup>3</sup> 8	6.75 6.33	Sweden -1 01 2000	99 <u>.92</u>	100.01	5,3750
	Tokyo Elec Power 6 <sup>1</sup> s 03 1000	965	ىد يە99	6.75	Ontario 8 03 C\$ 1500	105 <sup>l</sup> a	105% +%	7.13	CONVERTIBLE BONDS			
ļ	Toyota Motor 5% 98 1500 United Kingdom 7% 02 3000	99Pa 104	104 p 116	6.02 6.45	Ontario Hydro 107 <sub>8</sub> 99 C\$ 500 Oster Kontrollbank 10 <sup>1</sup> 4 89 C\$ 150	1115	111% +½ 111% +½	5.97 6.18	jased i	ZOERL Price	Bid Offer	- Dam
i	Walt Dlaney 6 <sup>3</sup> s 01 1300 World Bank 6 <sup>3</sup> s 05 1500	987	269° − 1°	6.77	Oxesbec Hydro 7 04 C\$	9712	974, 4.	7.56	Afford ware 61, 60 C 200	204	241 251	- 8-2
	World Bank 8 <sup>3</sup> g 99 1500	974. 106-5	98 106 <sup>1</sup> 2 + <sup>1</sup> 8	6.83 6.21	Cushec Prov 10 <sup>1</sup> 2 98 C\$ 200 Council Europe 9 01 Ecu 1100	109 <sup>1</sup> 2	109% 나도 112% 나도	5.96 6.25	EE France 84, 05 £	84	100 100	+31,06
	DEUTSCHE MARK STRAIGHTS	-			Credit Fonder 83 04 Ecu 1000	106 <sup>1</sup> a	1054 -1		Grand Metropolitan 6 <sup>1</sup> 2 00 710	7.37 (1 4.37 (1	184 1174 103 1113	+11.80
	Austria 6 <sup>1</sup> 2 24 2000		92%	7.11	Denmark 8 <sup>1</sup> 2 02 Equ 1000 EC 6 00 Equ 1100	JAJE	101% 14	6.25. 5.55	Hereon America 2.39 (1 420 29)	8375	55 85°a	
	Baden-Wuert L-Finance 6 99 . 2000	1034	104 +1 <sub>8</sub>	4.52	EIB 10 01 Equ 1150	1153	115-8	5.96	Hong Kong Land 4 01 410 ; Land Secs 6½ 02 2 84		854 88 971 <sub>2</sub> 1001 <sub>2</sub>	-14,45 -2,08
	Credit Foncier 7 <sup>1</sup> 4 03 2000 Dermark 6 <sup>1</sup> 8 98 2000	10312	105 103%	393	Ferro del Stat. 10 <sup>1</sup> g 98 Ecu 500 baly 10 <sup>3</sup> s 00 Ecu 1000	1064 <sub>8</sub> 1155-	107 <b>-</b> 1 116	4.96 5.91		5.64	9112	
	Dermark 6 <sup>1</sup> s 98 2000 Depte Finance 6 <sup>3</sup> s 03 1500	1004	10j	624	United Kingdom 91s 01 Equ 2750	1124	1123 +1			330 R 1	104, 111 <sup>1</sup> 2 78 <sup>5</sup> 8 80 <sup>5</sup> 8	140 PAL
	Deutstre Bk Fin 7½ (3)	1047	105 <sup>1</sup> 2 -18 105	629 498		106 <sup>1</sup> a 116	106 <sup>5</sup> 6 + <sup>1</sup> 4	7,54 7.77	Ogden 6 02	1077	31 25,5	485.94
	EB 64, 00 1500	104 <sup>1</sup> 8	104 <sup>1</sup> 4 1 <sup>1</sup> 8	4.98	5B 74, 99 AS 350	102	102]2	7.13	Pennsol 44, 03 500 58. Sapp BM Finance 712 02 250	8097 10	06% 107% 91% 92%	46.08 45.08
	Finland 7½ 00 3000 tasky 7¼ 98 5000	108 104%	ارد 108 قبة ق <sub>1</sub> 08	4.83 3.85	NSW Yesasury Zero 0 20 AS 1000 R & I Benk 7 t 03 AS 125	135 <sub>8</sub> 974	141 <sub>6.</sub> –կց 9814, +կ	8.55 6.18	1 3/8 00 JPY 40th 17, 00 _ 40000 H	05RA 10	mi mi	+7.50
	LKB Baden-Wuertt 612 08 2250	981 <u>-</u> 2	98%,	6.68	State Bk NSW 9 02 AS 300	105	105% +%	7.93	Sumitorno Bank 3 <sup>1</sup> g 04 300 3 Sun Allence 7 <sup>1</sup> s 08 2 155	606.8 (	86, <sup>1</sup> 83, <sup>1</sup>	425.24 112.64
	Norway 6 <sup>1</sup> 8 98 1500 Ontario 6 <sup>1</sup> 4 04 1500	1037g	1037g +1g 995g	3.33 6.35	Sth Aust Govt Fin 9 02 AS 150 Unliever Australia 12 96 AS 150	104 <sup>2</sup> 8	10479 +14	8.06		505 (	57 53%	+1924
i	Spain 7 <sup>1</sup> 4 03 4000	1004	106 <sup>3</sup> <sup>1</sup> <sup>3</sup>		Western Aust Trees 7% 98 AS 100	100%	1074 1015 +4	7.50 7.21	* No Intermetten evallable - previous d ‡ Only one mortest maker supplied a p	arice	<b>20</b> _	
•	STRANSIT BOARD, The said in the said				<u>-</u>	-						

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#### **CURRENCIES AND MONEY**

## Iran jitters spook the markets

#### By Gillian Tett,-

markets yesterday, after rumours about worsening US-Iran relations left traders scurrying towards safe

haven currencies. However, the Swiss currency's rise was capped by growing market suspicions that the Swiss authorities will fight the franc's

Elsewhere, the holiday The currency closed at season left many markets SFr1.2020 per dollar in Lonlooking lethargic. However, with new German data due today, there is now renewed speculation about the future direction of European inter-

■ The latest trigger for a Swiss franc rally came from newspaper reports that the US government was considering taking action against Iran because of its suspected terrorist involvement

2.34

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RUTHINTY INDICES

Swiss franc sharply higher The antics of the Swiss franc against the US dollar in the continued to intrigue the Far Eastern markets over-

However, by the time crucifying the Swiss econ-European markets opened omy the Swiss authorities these jitters had already abated slightly.

And with the Swiss Swiss National Bank indicating ther." that it would supply ample How liquidity to money markets, the rally gradually abated

during the day.

The currency closed at don, slightly stronger than its SFr1.2035 close on Friday Some traders doubt

whether this rally can con-tinue much further, given the Swiss National Bank's

1,5445 1,5439 1,5438 1,5433

These reports pushed the opposition to any further strengthening.

As Mr. Peter Luxton of MMS International says: "The Swiss franc strength is omy - the Swiss authorities have shown that they are not prepared to see the

However, as Mr Kit Juckes of NatWest markets pointed out, there is now a strong desire in the markets to seek out safe havens.
"There is a tendancy to be

safe haven currencies are in vogue," he says. in vogue," he says.

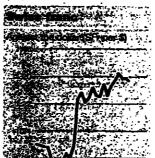
He adds: "The only problem is that the markets can't of yesterday speculating that economic data due this week with highlight the weak anymore whose central bank

quite risk adverse right now

■ One currency that the German interest rates we markets are unlikely to treat head lower again soon. as a safe currency in the

is prepared to let it be used

in this way."



the D-Mark.

German interest rates would These rumours helped

state of the German econ-

lar during the day, closing at years.
DML4818 in London, compared with the previous close of DM1.4779.

Meanwhile, the French franc also weakened slightly against the D-Mark.
It closed at closed at FFr3.4 per D-Mark, down from the previous day's close

of FFr9.397. Although the move was small, it was striking given the stability between the two currencies in recent months a stability which has been fuelled by growing market faith in the likelihood of European monetary union.

These hopes of lower interest rates even infected sentiment about the UK yesterday, after industrial data was unexpectedly weak in

Official figures showed that industrial production fell by a seasonally adjusted weaken the currency. It 1.1 per cent in the month -

drifted down against the dol- the largest fall for over three

that base rates will not rise soon and might even be trimmed again. This prompted a small rise in short sterling futures: the contract for December rose 4 basis points to 94.22 and the March contract rose 5 basis points to 94.01. At this level traders expect UK base rates to be about 5.88 per cent and 5.99 per cent in those months

However, sterling remained steady during the day. It closed at DM2.2869 and \$1.5439, compared with a previous close of DM2.2793 and \$1.5423.

respectively.

WORLD	INTER	EST	RATE	S				
MONEY R	LATES							
Aboust 5	Over	One	Three	Sh	One	Lomb.	Dis-	Repa
	night	month	mile	mithe	year	de la companya dela companya dela companya dela companya de la companya dela companya de la comp	rate	<b>135</b> 0
Beiglum	34	34	31	313	33	7 00	2.50	
Week ago	3%	31	31	32	35	7.00	2 50	_
France	34	3%	317	35	- 4	3.65		4.75
week ago	32	3%	38	34	4	3.55	-	5.60
Germany	34	314	31	35	32	4.50	2 50	3 32
week eco	34	3%	34	36	3	4.50	2 50	3 30
ireland	54	5%	52	5*	53	_	-	6.25
week ago	5%	5%	58	5.7	5.	-	-	6.25
italy	89	84	8:5	87	8]	-	8.25	8 55
week ago	B	85	83	83	B1 a	-	B.25	8.70
Netherlands	55	27	3,	34	34	-	3.00	333
wask ago	35	23	31.	3.	3'=		3.00	3.30
Switzerland	133	24	24	20	24	5.00 5.00	1.50 1.50	-
week ago	28	23	215	23	23.	200		-
US	54	54	57 5 6	54	5	-	5.0J 5.0C	-
week ago Japan	5	5å	34	5 <u>7</u>	5 <u>3</u> 14	-	053	-
week ago	•	*	12 17	7	1 <u>0</u>	_	050	
					<u>.c</u>			<u> </u>
# \$ LIBOR FT I								
interbenk Flying	•	5	5 <sub>92</sub>	53	5.	-	-	-
wask ago	-	5.		5:	64	-	-	-
US Doller CDs	-	5.18	5.24	5.31	5 49	-	-	-
week ago ECU Linked Ds	-	5.18 4 <sub>8</sub>	5.34 4 <u>.</u> 1	5.49 4	5.7 <b>9</b> 40	-	-	-
week ago	-	4.	414	43	1.			
SDA United Pa	-	314	37	31,	31	-	-	_
week ago	_	3%	31;	312	33	-	-	-
\$ LIBOR Interpent reference beste in Bercleye and Nett Mid rame are show	d 11mm eet coel Westyn n for the do	in working Indias Newsc Mar	day. They Races.	ve benka US\$CD	e. FOU &	Agra Trus SOR Links	il, Clarit	of Total
EURO CU	RREN	y in	TERE	ST	RATE	S		
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Balgian Franc	3班 - 3办	3 <u>11</u> - 3	45 3H	- 3,,	3 / 3	3 3 3 -	ე <u>%</u> 3,	3 - 213

EURO C	IJRR	ency	INTE	REST	RATES		
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enish Krone			¥ - 3 <u>2</u>	37 - 35	312 - 312	4, 357	4,5 4,5
-Mark			h - 34	34 - 34	314 - 3,3	3, - 3,	313 - 31
witch Guilder			2 - 212	2) · 2):	312 - 243	314 32	315
rench Franc	35		a - 3,4	311 - 31	3📆 - สมั	36 - 36	4.5 - 3.5
confuguese E			2 . 7 . 4	74 - 74	745 - 75	14	
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sering			ķ · 55g	54 - 54	54 - 58	513 - 51	61) 51
antes Franc an. Dollar	415		2 . 4.	2 <sup>1</sup> 4 - 2 <sup>1</sup> 8 4 <sup>3</sup> 4 - 4 <sup>1</sup> 4	214 - 214 414 - 414	212 - 214 412 - 414	4.2
AS Dollar	4-2 51a		2 - 5 2	54 - 54	54 . 54	54 - 56	***
allan Lira			5 - 8i	84 81	815 - 813	B <sub>1</sub> - 8	6 - 5: 8 <sub>12</sub> - 5 <sub>12</sub>
an			2 - 13	B - B	i b	9.3	i,
stan \$Sing			2 - 33	312 - 34	312 - 318	راد . وأو	34 3 2
hort term rate	# ATO CO	il for the L	IS Dollar I	and Yen, oth	was two day	d'nobre	
THREE A	HTMO	PEROR I	WYURSE.	S (MATIF) E	ons Interba	nk offered ra	
	Open	-	e Chang	-			Open at
	96.12	96.03	-0.10			23,825	58,000
	96.06	95.99	-0.07			13,973	50,976
her .	95.93	95.88	-0.0-	95.94	95 88	5.330	31,290
THREE A	HTNÔ	EUROM	ARK FU	TURES (1)	FFEI' DM1	m Domis of	100%
	Open		e Chang		Low		Open M
	96.71	96,70	-0.01		96.70	16755	174363
	96.69	96,69	-0.01		96.68	24981	232135
	96.49	95.49	-	96.52	96.46	16981	1974(4)
	96.18	98.20	+0.01		96 17	16721	127065
THEFE	ЮИТН	EUROL	RA FUT	UPUES (LIF	PE)* L1000	n points of	100°u
	Open	Sett prio	_	_	Low	Est. vol	•
	91.64	91.66	+0.02		91.59	6048	58880
	92.09	92.12	+0.03		92.06	6628	38359
	92.29	92.33	+0.04		92.27	2586	22548
	92.31	92.35	+0.04		92.29	2202	13565
THREE NO						<del></del>	
	Open	Sett price			Low		Open m
	97.63	97.63	+0.02		97.62	45B4	30291
	97.57	97.54	+0.02		97.53	3548	27046
	97.37	97.34	+0.03		97.32	1135	10659
	97.07	97.05	+0.08		97.02	967	2720
THREE N	<b>WITH</b>	EUROYI		res (LIFF	12) Y100m (	points of 10	ن <sup>ه</sup> 00
	Open	Sett price	e Chang	e High	Low	Est. vol	Open int
ep	99.17	99.17	-0.01		99.17	20	0
ec		98.86	-0.04			0	0
ptx,		98.58	-0.04			0	0
THREE N				<del></del>	<del></del>		
	Open	Sett prior	e Chang	e High	Low	Est. vol	Open int
	DE 62	05 49	-A 09	OE GE	OE 54	ECE	ONES

## POUND SPOT FORWARD AGAIN Aug 5 1,2179 +0.0044 172 - 185 1.058000 - -1.2189 1.2116 1.2166 1.3 (Peso) 1.5418 +0.0016 411 - 424 (PS) 1.5583 +0.0006 576 - 589 (CS) 2.1222 +0.0019 211 - 232 w Peso) 1.15688 +0.00375 511 - 664 (S) 1.5439 +0.0016 434 - 444 1.5475 1.5626 2.1275 11.6874 1.5480

Aug 5		Closing	Change	Bid/offer	Day's	mid	One and	enth	Three or	onthe	One yes	r JP Mor
		mka-point	on day	spread	high	low	Plate	%PA	Rate	%PA	Rate	%PA inc
Tabe												
Austria	(Sch)	10,4245	+0.0299	221 - 289	10.4290	10.3570	10,405	2.2	10.363	24	10.1795	24 10
Belgium	ÌBFi	30_5270	+0.052	220 - 320	30,5400	30,2950	30,472	22	30.357	22	29.817	2.3 10
Denmark	ĎK/	5,7250	+0.0146	240 - 260	5.7293	5.6880	5,7175	1.6	5.7005	1,7	5.8315	1.6 10
Finland	(FM)	4.4965	+0.0093	940 - 990	4.4995	4.4735	. 4,49	1.7	4,478	1.6	4,4325	1.4 8
France	(FFr)	5.0365	+0.0175	355 - 375	5.0388	4.9977	5.0296	1.7	5.0153	1.7	4,8475	1.8 1
Germany	įDMQ	1.4813	+0.0034	808 - 817	1.4820	1.4718	1.4788	20	1,473	22	1,4448	2.5 10
Greece .	(Dri	236,720	+0.82	660 - 780°	236.870	234.550	238.395	-8.5	241.745	-8.5	255.72	-8.0 6
<b>ingland</b>	(25)	1,6086	+0.0018	081 - 091	1.8130	1.6052	1.6092	-0.4	1.61	-0.4	1,6016	0.4
ltely	(L)	1516.1D	-0.75	580 - 660	1522.18	1511,20	1520.85	-3.8	1529	-3.4	1551.75	-24 7
Luxembourg		30,5270	+0.052	220 - 320	30,5400	30,2950	30,474	21	30.3875	2.1	29.887	2.1 10
Netherlands	`eró	1,5614	+0.0038	611 - 616	1.6822	1.6506	1.6581	2.4	1.6509	25	1.6192	2.5 10
Norway	(NKG)	6,3983	+0.0219	983 - 003	6.4039	6.3521	5.3963	0.6	6.3908	0.5	6,3543	0.7 8
Portugal	`Œs}		+0.11	130 - 290	152.540	151,400		<u>-25</u>	153,085	-24	155.23	-2.0 8
Spain	(Pte)	125,975	+0.19	960 - 990	126.180	125.380	126.225	-24	126,655	-22	128,195	-1.8 8
Sweden	(SKr)	6.6092	+0.0372	057 - 128	6.6165	6.5723	6.6083	0.2	8.8107	-0.1	6,5857	0.4 8
Switzerland	(SFr)	1.2020	-0.0015	015 - 024	1.2025	1.1915	1.1985	3.5	1.191	3.7	1,1575	3.7 11
UK	(E)	1.5439	+0.0016	434 - 444	1.5480	1.5419	1,5433	0.5	1,5431	0.2	1,5434	0.0 8
Ecu	_	1,2678	-0.0032	675 - 680	1,2758	1.2671	1.2686	-0.7	1.2702	-0.8	1.2791	-0.9
SDR†	_	0,68430	-	-	-	-	-	-	-	-		-
Americas												
Argentina	(Peso)	0.9986	-	985 - 987	0.9999	0.9964	-	-	-	-		-
Brezii	(FIS)	1,0093	-0.0005	092 - 094	1.0098	1.0092	-	-	-		-	-
Cerneda	(CS)	1.3746	-0.0002	743 - 748	1.3755	1.3733	1.3744	0.1	1.3747	0.0	1.9775	-0.2 8
Mexico (Nev	v Pesci	7.5515	+0.0165	490 - 540	7.5540	7.5490	7.713	-25.7	7.898	-18.4	9.6615	-27.9
usa ·	(\$)	-	-	-	_	_	-	-	-	-	-	- 9
Pacific/Middle		Mrica										_
Australia	(AS)	1.2935	-0.0003	932 - 940	1.2942	1.2923	1.2955	-1.9	1.299	-1.7	1.3177	-1.9 9
Horsa Kona	0-HCSS	7,7355	-0.0003	352 - 357	7.7360	7.7350	7,7362	-0.1	7.738	-0.1	7.785	-0.4
Incia.	(Flat)	35,6000		000 - 000	35.8150	35.5400	35,75	-5.1	38,055	-5.1	37.525	-5.4
ismei	(Shio	3,1503	+0.0082	476 - 530	3.1800	3,1440					4	٠
Jacobn.	m	106,630		600 - BBO		108,470	106.185	5.0	105.285	. 5.0	101,545	4.8 13
Malaysia	(MS)			918 - 925	2,4940	2.4914	2.4931	-0.4	2,4992	-1.1	2.5227	-1.2
New Zastand	NZS	1.4635		628 - 643	1.4644	1.4825	1,4666	-25	1,4724	-2.4	1,497	-28
Philippines	(Peac)	28,1950		600 - 300	26,2300							
Saudi Arabia	SRI	3.7505		504 - 506	3.7506	3.7504	3,751	-0.1	3.7517	-0.1	3,755	-0.1
Sincapore	(35)	1,4160		155 - 165	1.4171	1.4152	1.4124	3.0	1,4084	2.7	1.381	2.5
South Africa	(6)	4.4625		600 - 650	4.4810	4.4550	4.51	-12.8	4.6	-123	4.9375	
South Korea	(Won)	814.550		500 - 600	B14.700		٠				420.0	-1000
Tahean	(123)	27,4990		940 - D40	27.5050	27,4750	27.504	-0.2	27.509	-0.1		
Indiand	(B6	25.2450		400 - 500		25.2400		-4.7	25.5475	-0.1	26.43	-4.7
SOR rate per puoted to the m	erket bu	ž are implie	q pà onue: or abrescu	E Interest put	es. UK, ireb	nd & ECU	See driber	in US c	urrency. J.	s. Horse P. Morga	u souquei sa sept e	ndices Av
		-										

are implied by Mid-rates in b													qualiti Base		nerles bu 1950-100	z are impi	ed by online
			•		**							:					
CROS	S RATE	ES A	ND DE	RIVAT	IVES												
EXCHA	NGE C	ROS	RAT	ES								· -;					
Анд	5	BFr	DK:	_FRr	DM I	E L	F	NEC	· Es	Pta	8Kr	SFr	£	C\$	\$	Y	Ecu
Beigium	(BFr)	100	18.75			037 4967		21,18	498.4	412.7	21.85	3.938	2.122	4.502	3.276	349,2	2.584
Denmerk	(DKI)		.10			086 2840		11,29	265.8	220.0	11.54	2.100	1.131	2.401	1.747	186.2	1.378
France	(FFr)		11.97			235 3011		12.88	302.1	250.1	18.12	2.367	1-286	2.729	1.986	211.7	1.586
Germany	(DM)		3.865			420 1024		4.364	102.7	85.05	4.462	0.812	0.437	0.828	0.675	. 71.97	0.533
ireland	(12)		9.207			1 2431 041 100		.10,40 0.426	244.7 10.03	202,6 8,306	10.83 0.438	1,983 0,079	1.042 0.043	2,210 0,091	1.808	171.5	1.289 0.052
italy			0.378			041 100 374 912.		3.891	91.58	75.83	3.978	0.079	0.390	0.827	0.602	7.031 64.17	0.475
Netherland	bs (Fil) (NK/)		3.448 8.857			374 812. 962 234		10	235.4	194.9	10.22	1.860	1.002	2.126	1.547	164.9	1.220
Norway	(Ee)		3.763			409 996J		4.249	100.	82.80	4.344	0.790	0.426	0.903	0.657	70.07	0.519-
Portugal Cooks	(Pta)		4.544			494 120		5.181	120.8	100.	5.246	0.750	0.514	1.091	0.794	84.63	0.626
Spain Considera	(Fig)	48.19	8.682			941 229		9.780	230.2	190.6	10	1.819	0.980	2.080	1.513	161.3	1.194
Sweden Switzerland			4.782			517 126		5.377	126.6	104.8	5.498	1	0.539	1.143	0.832	88.69	0.656
ownizana an k LIK	נוייבו) נו (2)		8.839			960 234		9.980	234.9	194.5	10.20	1.856	1	2.122	1,544	164.6	1.218
Canada	CSS		4.165			452 1108		4.703	110.7	91.68	4.809	0.875	0.471	1	0.728	77.57	0.574
US	(55)	===.	5.725			822 1516		6.464	152.1	126.0	5.600	1.202	0.64B	1.374	1	106.6	0.789
Jepan	Š		5.370			583 142		6.063	142.7	118.2	6.199	1.128	0.608	1.289	0.938	100.	0.740
Ecu	.,,	38.60	7.257			788 1922		8.194	192.9	158.7	6.378	1.524	0.821	1.742	1.268	135.1	1
Deniah Krone	r, French Fo	anc, Non	wegien Kror	ner, and Sw	edish Kron	or per 10; Be	algean Franc,	Yen, Eliqu	do, Lira	and Pees	ta per 100						
E D-MARI	K FUTURE	ES (IMM	DM 125,	000 per D	<u>M</u>				PANE	SE YEN	PUTURE	(MMM) 25	en 12.5	per Yes	n 100		
	Open	Latest	Change	High	Low	Est. voi	Open Int.			Open	Latest	Change	Higi	h L	OW E	st. voi	Open int.
Sep	0.6792	0.6789	-0.0003		0.6785	16,055	69,580	. Sep		0.9407	0,9433	+0.0016				18,664	<i>67,59</i> 8
Dec	0.6828	0.6824	-0.0008	3 0.6831	0.6824	241	2,901	Dec		0.9528	0,9543	+0.0015			628	403	4,898
Mar	-	0.6875	-	<b>-</b>	.=	21	633	Mer		-	0,9652	+D.0008	0.965	22	-	2	124
<b>34/15</b> \$ !	Franc Fl	THE	(IMM) SF	125,000	per SPr	·		¥ 51		טדעה פֿון	PASS (IM)	40 282,50	per £	_			
Sep	0.8359	0.8383	+0.0025	0.8425	0.8359	11,071	38,597	Sep		1.5410	1.5434	+0.0024	1.547	TO 1.5	410	12.597	50,794
Dec .	U.0309	0.8450	+0.0027			250	2.261	Dec		1.5450	1.5440	+0.0030			440	88	1,288
Mar .		0.8520	+0.0027		· 🕳 .	10	98	Mar		_	1,5450	+0.0034			_	3	6
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Aug 5	_	_				
	Eou cen. nates	Rate against Ecu	Change on day		n % spre .vweak	
Netherland		2 13320	+0.00021	-0.88	1.85	
Belgium	39,3980	39.1898	-0.0046	-0.52	1,48	
Germany	1.91007	1.90167	-0.00038	-0.44	1.40	3 4
Austria	13,4383	13.3826	-0.0037	-0.41	1.57	
Spain Bertugel	162,493	161.926	-0.249 -0.282	-0.35 -0.19	1.30	
Portugal Denmark	185,792 7,28580	195.411 7.34966	+0.00043	0.19 0.88	1.18 0.07	
France	6.40608	6.48324	+0.00334	0.89	0.06	
treland	0.792214	0.799750	+0.000417	0.95	0.00	
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Grance	292.887	303.920	+0.158	3.77	-2.72	
italy UK	2106.15 0.788852	1953.67 0.833213	-1.4 +0.000835	-7.24 5.92	8.83 -4.69	
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17/9/90 Starte	جنا رحاددا ایس بر 1 <b>1 1 1 1 1 1 1</b> 1 1 1 1 1 1 1 1 1 1 1	SUPPRISED TO	EPAL AGUAR \$ 231 250 ft	ent calculated Sents per o	by the Finan	cial Times.
Strike .		CALLS -			PLITS —	=
Price	Aug	Sep	Oct	Aug.	Seo	Oct
1.530	1.44	1.82	2.14	0.12	0.57	0.90
1.540	0.76	1.21	1.58	0.44	0.98	1.92
1_950	0.32	0.75	1.10	1.04	1.52	1.85
1,560	0.12	0.43	0.74	1.80	2.19	2.51
1.570	0.03	0.21	0.48	•	_:-	
Previous day's	wol. Casts 4.02	S Puis 3,834 .	Prev. day's of	on int. Cuth	162,988 Pu	<b>⊌</b> 142,366
		met Cheng		Low	Est. voi	Open In 388,605
Sep Dec.		1,422 -0.01 1,222 -0.05		94,41 94,20	144,113 236,167	
Mar		L13 -0.01		94.11	179,850	290,215
1775			04.10	•		
	•					
h US TREA	PRINA BETT	PUTURES (	MM) \$1m p	or 100%		
		(1.93 +0.01		94.92	2,327	7,731
Sep .	94.92 94		94.93		2,327 422	7,731 1,683
Sep Dec	94.92 94 94.84 94	.93 +0.01	94.93	94.92		
Sep Dec Mar Ali Open Inter	94.92 94 94.84 94 94.69 94	1.93 +0.01 1.63 -0.02 1.70 -0.01 previous day	94.93 94.84 94.70	94.92 94.83 94.69	422	1,683
Sep Dec Mar Ali Open Inter	94.82 94 94.84 94 94.69 94	1.93 +0.01 1.63 -0.02 1.70 -0.01 previous day	94.93 94.84 94.70	94.92 94.83 94.69	422	1,683
Sep Dec Mar Ali Open Inter III (EURORI)	94.92 94 94.84 94 94.69 94	1.93 +0.01 1,83 -0.02 1,70 -0.01 previous day 15 (LIFFE) DA	94.93 94.84 94.70	94.92 94.83 94.69 of 100%	422 140	1,683
Sep Dec Mar Ali Open Inter EUROES Strike	94.92 94 94.84 94 94.69 94	1.83 +0.01 1.83 -0.02 1.70 -0.01 Previous day 15 (LIFFE) DA	94.93 94.84 94.70	94.92 94.83 94.69 of 100%	422	1,683
Sep Dec Mar Ali Open Inter III EUNOSS Strike Price	94.92 94 94.84 94 94.69 94 est figs. are for LINK OPTION	1.83 +0.01 1.83 -0.02 1.70 -0.01 previous day 15 (LIFFE) DA CALLS	94.93 94.84 94.70	94.92 94.83 94.69 of 100%	422 140 PUTS	1,583 897
Sep Dec Mar Ali Open Inter III EUROSS Striks Price 9650	94.92 94 94.84 94 94.69 94 est figs. are ton LINK OPTION	1.83 +0.01 1.83 -0.02 1.70 -0.01 previous day 15 (LIFFE) DA CALLS Oct	94.93 94.84 94.70 ftm points	94.92 94.83 94.69 of 100% ug Sep of 0.02	422 140 PUTS	1,683 897 Dec
Sep Dec Mar Ali Open Inter III IEU/AGES Strike Price 9650 9675	94.92 94 94.84 94 94.69 94 est figs. are for LIPIX OPTION AUG Sep 0.21 0.22	1.83 +0.01 1.83 -0.02 1.70 -0.01 previous day 15 (LIFFE) DA CALLS Oct	94.93 94.84 94.70 film points Dec A 0.27 0.0	94.92 94.83 94.69 of 100% ug Sep 01 0.02 08 0.11	422 140 PUTS Oct 0.05	1,583 897 Dec 0.08
Sep Dac Mar Ali Open Inter II EUMOGA Strike Price 9675 97700 Ge. vol. total	94.92 94.84 94.89 94.69 94.69 94.69 94.69 94.69 Sep 0.21 0.22 0.26 0.03 0.06 0 0.01 Calls 5222 Put	1.93 +0.07 1.93 -0.02 1.70 -0.01 previous day 55 (LIFFE) DA CALLS Cot 0.24 0.10 0.03 a 7490, Previo	94.93 2 94.84 3 94.70 61m points 0.27 0.1 0.15 0.1 0.05 0.3 us day's oper	94.92 94.83 94.69 of 100% ug Sep or 0.02 08 0.11 00 0.31 is late, Calls 3	422 140 PUTS Oct 0.05 0.16 0.34 28832 Puts	1,683 697 Dec 0.08 0.19 0.36
Sep Dac Mar Ali Open Inter II EUMOGE/ Strike Price 9650 9650 9700 Ge. vol. total	94.92 94 94.69 94 est figs. are for funk OPTION Aug Sep 0.21 0.22 0.03 0.06	1.93 +0.07 1.93 -0.02 1.70 -0.01 previous day 55 (LIFFE) DA CALLS Cot 0.24 0.10 0.03 a 7490, Previo	94.93 2 94.84 3 94.70 61m points 0.27 0.1 0.15 0.1 0.05 0.3 us day's oper	94.92 94.83 94.69 of 100% ug Sep or 0.02 08 0.11 00 0.31 is late, Calls 3	422 140 PUTS Oct 0.05 0.16 0.34 28832 Puts	1,683 697 Dec 0.08 0.19 0.36
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Sep Dec Mar Ali Open Inter III EUMORIA Strike 9875 9700 Set, vol. 10tel, III (EUMO \$1 Strike Price 9775	94.92 94.84 94.89 94.69 94.99	1.93 +0.07 1.83 -0.05 1.70 -0.01 previous day 85 (LIFE) DA CALLS Cot 0.24 0.10 0.03 3 7430, Previo CALLS	94.93 2 94.84 3 94.70 61m points 0.27 0.0 0.15 0.0 0.05 0.2 UFFE SFT 1	94.92 94.83 94.69 of 100% ug Sep on 0.02 08 0.11 30 0.31 sint, Cats 3 im points of	922 140 PUTS	1,683 697 Dec 0.08 0.19 0.36 308636
Sep Dec Mar Ali Open Inter III EURIOSIA Strike Price 9875 9770 Est. vol. total, III JEURIO \$1 Strike Price 9775 9800	94.92 94.84 94.89 94.89 94.90	.83 +0.0° .83 -0.06 .70 -0.07 prefoux day 85 (LIFFE) DA CALLS -0.10 0.05 a 7450, Previor CALLS -0.07 0.05 0.710 0.04	94.93 2 94.84 3 94.70 61m points of the control of	94.92 94.83 94.69 of 100% or 0.02 08 0.11 00 0.31 int. Cats 3 im points of	PUTS	1,683 697 Dec 0.08 0.19 0.36 306636
Sep Dec Mar Ali Open Inno III EUROBE/ Strike Price 9875 9770 Est. vol. total, 1016 1017 1017 1017 1017 1017 1017 1017	94.92 94.84 94.99 94.89 94.89 94.89 94.89 94.89 94.89 94.89 Supplies 0.021 0.22 0.03 0.06 0 0.01 0.22 Put 1953 FRANC Supplies 0.05 0.01 Calls 50 Puts	J. SS +0.0° L. SS -0.0° L. SS	94.93 2 94.84 3 94.70 61m points 0.27 0.05 0.15 0.0 0.05 0.0 UFFE SFr 1 Mar UFFE SFr 1	94.92 94.83 94.69 of 100% or 0.02 08 0.11 00 0.31 int. Cats 3 im points of Sap 0.17 0.38 Cats 5268 P	PUTS	1,683 697 Dec 0.08 0.19 0.36 306636
Sep Dec Mar Ali Open Inter E EUMOBIA Strike Price 9875 9770 6st. vol. total, E EUMO \$1 Price 9775 9800 Est. vol. total, E EUMO \$1	94.92 94.84 94.89 94.89 94.89 94.89 94.89 94.89 94.89 Supplies 0.03 0.06 0.00 0.00 0.00 0.00 0.00 0.00	.83 +0.0° .83 -0.06 .70 -0.01 pm/sous day 85 (LIFFE) DA CALLS -0.10 0.05 s 7450, Previous 0.010 0.04 0.010 0.04 0.04 0.04 0.04	94.93 2 94.84 3 94.70 61m points 0.27 0.05 0.15 0.0 0.05 0.0 UFFE SFr 1 Mar UFFE SFr 1	94.92 94.83 94.69 of 100% of 0.02 08 0.11 00 0.31 im points of Sap 0.38 Calls 9268 P	422 140 Oct 0.05 0.16 0.34 23652 Puts 1 100% PUTS 0.31 0.50 uts 6662	1,683 697 Dec 0.08 0.19 0.36 306636
Sep Dec Mar Ali Open Index II EUROGE Strike Price 96575 9700 6st. vol. total, Price 9775 9800 6st. vol. total, II EUROGE Strike Price 9775 9800 6st. vol. total, II EUROGE Strike	94.92 94.84 94.89	1.83 +0.0° 1.83 -0.0° 1.70 -0.0°	94.93 94.84 94.70 Per Al 94.70 Per Al 0.27 0.15 0.05 0.20 0.05 0.15 0.05 0.15 0.05 0.15 0.05 0.15 0.05 0.0	94.92 94.83 94.69 of 100% of 100% of 0.31 s inc. Cats 3 im points of Sap 0.17 0.38 Cats 986 P	PUTS	1,683 697 Dec 0.08 0.19 0.36 308636 Mar 0.52 0.71
Sep Dec Mar Ali Open Inter III EUMOBI Strike Price 9850 692 vol. total, III IEUMOBI Strike Price 9775 9800 bit vol. total, III IEUMOBI Strike Price Strike Strike	94.92 94.84 94.89 94.69 94.69 94.69 94.64 94.65 86.02 86.00 0.03 0.06 0.03 0.06 0.05 Sep 0.05	L93 +0.0° L93 -0.0½ L70 -0.0½ L70 -0.0½ LFFE) DA CALLS Cot 0.24 0.10 0.03 s 7490, Previous c OPTIONES ( CALLS Dec 0.10 0.04 0.10 0.04 0.10 0.05 0.05	94.93 2 94.84 3 94.70  //Im points ( 0.27 0.0 0.05 0.3 0.05 0.3 us day's oper UFFE) SFr 1  Mar 0.11 0.05 //s oper int. Om points (	94.92 94.83 94.69 of 100% of 100% of 0.31 3 int., Cats 3 int points of Sap 0.17 0.38 Cats 9868 P	PUTS Oct 0.05 0.16 0.34 28822 Puts Duc 0.31 0.50 0.51 0.50 0.51 0.50 0.51 0.50 0.50	1,583 897 Dec 0.06 0.19 0.36 308636 Mar 0.52 0.71
Sep Dec Mar Ali Open Inter III EUMORIA Strike Price 9875 9700 Set. vol. total, III EUMO 31 9775 9800 Est. vol. total, III EUMO LII Strike Price 9775 9800 Est. vol. total, III EUMOLII Strike Price 9750	94.92 94.84 94.99 94.89 94.89 94.99	J. 23 +0.0° J. 23 -0.0° J. 20 -0.0° J. 20 -0.0° J. 20 -0.0° J. 24 -0.1° J. 24	94.93 2 94.84 3 94.70 61m points of 0.27 0.15 0.0 0.05 0.0 0.05 0.0 0.05 0.0 0.05 0.0 0.05 0.0 0.05 0.0 0.05 0.0 0.05 0.0 0.05 0.0	94.92 94.83 94.69 of 100% of 0.02 08 0.11 00 0.31 im points of Sup 0.38 Calls 9268 P of 100%	422 140 PUTS Oct 0.05 0.16 0.34 28882 Puts (100% PUTS Dec 0.50 dis 5662	1,683 697 Dec 0.08 0.19 0.36 308636 Mar 0.62 0.71
Sep Dec Mar Ali Open Inter III EUMOBI Strike Price 9850 692 vol. total, III IEUMOBI Strike Price 9775 9800 bit vol. total, III IEUMOBI Strike Price Strike Strike	94.92 94.84 94.89 94.69 94.69 94.69 94.64 94.65 86.02 86.00 0.03 0.06 0.03 0.06 0.05 Sep 0.05	L93 +0.0° L93 -0.0½ L70 -0.0½ L70 -0.0½ LFFE) DA CALLS Cot 0.24 0.10 0.03 s 7490, Previous c OPTIONES ( CALLS Dec 0.10 0.04 0.10 0.04 0.10 0.05 0.05	94.93 2 94.84 3 94.70  //Im points ( 0.27 0.0 0.05 0.3 0.05 0.3 us day's oper UFFE) SFr 1  Mar 0.11 0.05 //s oper int. Om points (	94.92 94.83 94.69 of 100% ug Sep of 0.03 8 0.11 30 0.31 5 ins. Ceits 3 im points of Sep 0.17 0.38 Ceits 3 im points of	PUTS Oct 0.05 0.16 0.34 28822 Puts Duc 0.31 0.50 0.51 0.50 0.51 0.50 0.51 0.50 0.50	1,583 897 Dec 0.06 0.19 0.36 308636 Mar 0.52 0.71

This announcement appears as a matter of record only.

July, 1996



## **Hungarian Bank for Investment** and Development Ltd

U.S. \$75,000,000

Term Loan

Arrangers and Lead Managers ABN AMRO Bank N.V. Bayerische Vereinsbank Aktiengesellschaft Central-European International Bank Ltd.

#### Co-Lead Managers

ARGENTARIA Banco Exterior de Espana S.A. Bank of Taiwan, Amsterdam Branch Bayerische Landesbank Girozentrale Christiania Bank og Kreditkasse CREDITANSTALT RL Credito Italiano S.p.A. Dresdner Bank Luxembourg S.A. Industriebank von Japan (Deutschland) AG Landesbank Schleswig-Holstein International S.A. Mitsubishi Trust & Banking Corp. (Europe) S.A. The Royal Bank of Scotland pic

Banca Monte dei Paschi di Siena S.p.A., Frankfurt Branch Banco Central Hispanoamericano, S.A. Landesbank Rheinland-Pfalz Girozentrale

Bank Handlowy International S.A. Luxembourg Banque Française du Commerce Extérieur Berliner Bank AG Commerzbank Aktiengesellschaft Credit Suisse Daewoo Bank (Hungary) Ltd. The Fuji Bank, Limited Kredietbank N.V., Dublin Branch Magyar Külkereskedelmi Bank Rt. Norddeutsche Landesbank Luxembourg S.A. Sumitomo Bank (Deutschland) GmbH

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Facility Agent Central-European International Bank Ltd.

ABN·AMRO Bank

SGZ-Bank AG

Vereinsbank



#### COMMODITIES AND AGRICULTURE

## SA platinum workers reject Impala's offer

The strike at South Africa's Impala Platinum mines enters its fifth day today after the rejection by the National Union of Mineworkers of a revised pay offer from the company.

But unrest at Anglo American's Rustenburg mine, the world's largest platinum producer, which last month dismissed its entire work force of 28,000 during a wild cat strike, has subsided.

Impala, controlled by the Gencor group, is the counof the white metal. It said the union had rejected its wage offer of 8 per cent, raised from 7.44 per cent after 25,000 workers downed tools on Thursday in support of the NUM's demand for a 9.5 per cent increase.

date was estimated at R28m (US\$6.25m), equivalent to the platinum content of about 175,000 tonnes of ore. The stoppage will compound the loss of about 97,000 troy ounces of pure platinum as a result of last month's strike at Anglo's Rustenburg mine. Analysts said the losses would have little impact on the world platinum surplus but could dent the appeal of platinum equities as a hedge stock for investors hit by the recent devaluation of the

Ms Ann Dunn, a spokesperson for Impala, warned against comparisons between the two stoppages. The Impala strike was "very disciplined, quiet and legal",

rand. Platinum was up \$2.30

an ounce in London at

two lives and stalled production at Anglo's Rustenburg mine following clashes between miners and men understood to be supporters of the illegal strike, which was condemned by the NUM. The strikers were demand-

ing the repayment by

Amplats of their income tax

and unemployment fund contributions, but the motive for the action could be more complex. "Anglo does not know who has orchestrated this dispute, and they do not know if the intimidation is coming from inside the workforce or

investigating possible

involvement by criminal or

political groups, he said.

from people who were rehired," said Mr Francois Ferreira, analyst at Ivor Jones Roy. Amplats was

rights in Venezuela in recent ing bill including such a profor 15 years. According to contained in the saprolite years. The Canadian mining concern had repeatedly delayed its decision to go

because of a series of govern-

ment interventionist poli-

cies, including foreign

exchange controls, as well as

an increase in sales taxes. In

the month of April Vene-

zuela liberalised its rigid for-

eign exchange regime and

recently exempt capital

imports in the mining sector

from whole sale taxes, which otherwise would have

increased the project's capi-

tal cost by an estimated

The concern of Placer

Dome and other interna-

tional mining companies

over the government's inten-

royalty from 1 per cent to 4 per cent still persists.

According to Mr Oswaldo

Ruiz, director of Minca, min-

ing authorities intend to

lobby legislators over a min-

Canada's Placer Dome is moving ahead with a \$600m project to develop the Las Cristinas gold mine in southeastern Venezuela in conjunction with its partner, the state Corporación Venezolana de Guayana. CVG celebrated the deci-

By Raymond Colitt in Caracas

sion as the first large project in the opening of Venezue la's mining sector and the Guayana region. According to CVG president, Mr Elias Ynaty, it is "one of the most important projects in Latin America and the world". It comes after investor confidence was renewed by a stand-by agreement with the International Monetary

Placer Dome holds a 70 per cent stake in the joint-venture Mina Las Cristinas (Minca) and was the first major international mining company to obtain mineral

posal, which has been stalled Placer Dome it is the largest surface material and in bedin Congress stace last Sepahead with the project

Venezuelan gold project given go-ahead

CVG and the government were disposed to listen to proposals by legislators on the matter" Although the authority to

award mining rights

recently reverted to the ministry of energy and mining, CVG maintains sufficient autonomy to enter into jointventures with the private sector on its own behalf. CVG was stripped of its rights to grant mining concessions following a recent quarrel between government entities and entrenched CVG bureaucrats over plans to streamline and partially pri-

holding company. Las Cristinas has more than 9m ounces of proven reserves and is expected to produce an average of 450,000 ounces of gold a year 1.21 grams of gold a tonne,

Venezuela. Construction is He added, however, that to begin in late 1996 and gold production is scheduled to commence in the fourth quarter of 1998. Construction involves a power transmission line from the hydroelectric plant Macagua II on the Choroni river to the mine of initially 230KW and

later 400KW. The mine is located in the south-eastern state of Bolivar, known for its dramatic sandstone formations, which tower up to 2,000m above tropical rain forest in some areas and semi-arid grasslands in others. The ancient rock formations form part of the Roraima Province Formation

vatise the public industrial Development plans call for a large open pit mine, with conventional truck shovel combinations to recover 233m tonnes of ore, grading

gold deposit identified in rock. Revised estimates place the cash cost per ounce at under \$200, net of copper credits, at an average milling rate of initially 55,000 tonnes a day and 100,000 tonnes a day when bedrock is reached. About 60 per cent of total gold production will be contained in concentrate and 40 per cent in dore. Copper production is expected to average 36m Ib annually. Environmental regulations require that most of the cyanide used to extract gold be recovered.

Placer Dome is now developing a financing and riskmanagement plan, which is reported to foresee both private sector and multilateral lenders. The company says talks with lenders are well advanced. According to Mr Osvaldo Ruiz, talks are under way with the Andean over financing possibilities.

## Sugar prices forecast to fall 16 per cent as world surplus grows

f = forecest; " = Year ending August 31; \$ = Stocks as proportion of consumption. Sou

The global sugar surplus will be larger than expected next year, pushing prices down by 16 per cent, the Economist Intelligence Unit forecasts in its latest report

on world commodities. It says stocks are likely to build to higher levels over the next two years than previously forecast, although they will still be lower than in the 1980s, when producers 'overreacted" to prices as

low as 40 cents a pound. Re-stocking by importers plus, forecast at 4.2m tonnes in 1996-97, and prices are likely to fall to 9.5 cents a pound in 1997 and below 9 cents in 1998.

The surplus is put at 3.8m tonnes in 1997-98. However, the report adds

World Sugar Balance (million tonnes)										
	1997-98(1)	1996-97(f)	1995-96	1994-95	1993-94					
Production*	127.0	124.8	121.7	116,1	110.4					
Consumption*	123.2	120.6	118.3	114.5	113,3					
Balance	+3.8	+4.2	+3.4	+1.6	-2.9					
Closing stocks	48.1	44.3	40.1	38.7	35.1					
Stocks ration	39%	36.7%	33.9%	32%	31%					

that quality white sugar is 21 per cent in soyabeans. still in short supply after two years of disappointing European Union crops. White prices should remain strong, encouraging refining and helping to slow the

decline in raw prices." The EIU says prices of food commodities in general will next year lose most of the gains made in 1996. It predicts a drop of 7 per cent in wheat prices next plies gradually improve.

expected to exceed use by a small margin again in 1997-98, with world stocks climbing to 102m tonnes from 97m. Stocks in the five main exporting countries are forecast to recover to a safer 37m tonnes from an uncomfortably low 29m tonnes in

1996-97 Prices should fall as sup-

The supply and demand World wheat output is balance will remain precarious in the foreseeable future, even with no more bad news on the supply side, but the present exceptional situation can be expected to ease". For soyabeans, it says

stocks are still about 10 per cent higher than a year ago and look set to remain high for the rest of this year and early next, which will encourage "a steady weaken-

## Mexican gas processor to resume production following explosion

By Lesie Crawford

Petróleos Mexicanos, the Mexican state oil monopoly, plans to resume production gradually this week at a gas processing facility that was badly damaged by an explo-

sion ten davs ago. The accident at the Cactus complex in south-eastern Mexico, which ranks as one of the world's largest, temporarily crippled one-third of the country's gas processing capacity. Before the explosion, the complex process 2.13bn cubic feet of natural

Over the past week, Pemex engineers have been working to isolate the two plants that were wrecked by the explosion. They each processed 500m cu ft of natural gas a day. Three smaller plants at the complex were

engineers said new pipelines had to be laid down and others re-routed to circumvent the burned-out wasteland at the centre of the complex.

Work was also being conducted to restore power circoits and to check whether boilers and steam ducts had suffered any damage.

The force of the blast, which Pemex blames on a gas leak from a faulty valve, blew off roofs and shattered windows in 3km radius. Inside the complex, the explosion flattened many facilities, including a computerised control room built of reinforced concrete. The fires that followed tore through the two central gas plants, destroying an estimated \$200m-worth of equip-ment. Six people died and

nine are in hospital with

liest accident of Pemex's 58year history. Gas flares surrounding the

Cactus complex were still burning pent-up supplies at the weekend, although Pemex officials said they had re-routed most of the unused output to other gas processing facilities. Nuevo Pemex. Ciudad Pemex and La Venta were stepping up their gas processing capabilities, the officials said. A new plant at the petrochemical complex of Pajaritos in the state of Veracruz was also due to start processing 200m cu ft a

month. Nevertheless, Mr Lajous said Mexico would still need to import emergency gas supplies for at least another eight months. Following the

**JOTTER PAD** 

day of natural gas later this

Mr Adrián Lajous, Pemex's importing 300m cu ft a day. director, said it was the cost- at a daily cost of \$630,000. Mr Lajous said daily imports could be reduced to 200m cu ft when the Pajaritos facility entered production. "The volume of imports will depend on the overall demand in the economy and the Federal Electricity Commission's ability to switch from natural gas to fuel oil at its power plants," Mr

Meanwhile, Pemex engineers were studying how to replace the two facilities destroyed by the explosion. The plants were built 20 years ago, and technological improvements since then have favoured the construction of smaller, more efficient facilities. The engineers said they had not vet decided whether to rebuild the plants on the same site explosion. Mexico began or to find new locations.

#### COMMODITIES PRICES BASE METALS LONDON METAL EXCHANGE (Prices from Amalgameted Metal Trading) M ALUMINIUM, 99.7 PURITY (\$ per tonne) 3 mths 1515-6

High/low AM Official	1467 1466-7	1510/1503 1504-4.5
Kerb close	1400-7	1503-4
Open int.	226,615	1000 -
Total daily turnover	37,902	
E ALUMINIUM AI	LOY (S per to:	ine)
Close	1255-60	1290-93
Previous	1255-60	1290-95
High/law	1257	1292/1291
AM Official Kerb close	1255-6	1290-1 1290-5
Open int.	5.139	1280-3
Total daily turnover	1,001	
LEAD (S per tor	ene)	
Close	800-1	805-6
Previous	799-800	804-5
High/low	799	806/803
AM Official	79 <del>9-8</del> 00	804-5
Kerb close Open int.	31,196	802-3
Total daily turnover	6.612	
E NICKEL S per 1	tornel	
Close	6835-40	6945-8
Previous	6870-80	6980-90
Highliaw	6825	6970/6925
AM Official	6815-20	6920-25
Kerb close		6930-40
Open int. Total daily tumover	41,234 9,305	
TIN (5 per tonne	-	
	6040-50	6105-15
Close Previous	6085-95	701D-15
High/low		6145/6105
AM Office	6765-70	6125-33
Kerb close	45.005	6110-20
Open int. Total daily turnover	16,975 3,502	
ziNC, special t		er tonnel
	1011-12	1038-9
Close Previous	1009.5-10.5	1035-6
High/low	1011.5	1039/1032
AM Official	1011 5-12	1038-8.5
Kerb close		1028-8.5
Open att.	66,376 6.753	
Total daily furnitives  COPPER, grade		to i
Close	2038-43 2041-6	1936-7 1942-3
Previous Highliow	2038	1952/1918
AM Official	2037-8	1938-9
Kerb cices		
Oben aug	201,546	1928-30

90.75 -1.05 92.50 90.60 300 2.677 90.20 -1.25 92.45 89.80 3.664 18.677 80.60 -1.15 91.40 91.40 140 1.463 80.20 -1.00 91.20 91.20 27 1.219 88.70 -0.80 90.50 88.50 679 14.822 88.30 -0.90 90.00 90.00 PRECIOUS METALS

M LAKE AM Official \$/\$ rate: 1.5463 LAKE Closing \$/\$ rate: 1.5433

Spot 1547 3 mile: 15439 6 mile: 15439 9 mile: 15437

388,00-388,40 387,95 250 824 464,250 389,75 252,380 467,778 380,00-380,40 387,80-386,20 p/troy oz. 330.15 334.40 338.65 347.70 536.90

GOLD COMEX (100 Troy az.; \$/tray az.)									
	Sett	Day's				Ореа			
		change	(Ogb	lever	Yel	int			
4	389.4	+1.8	390.5	388.4	1.098	2,500			
	392.3	+1.7	393.5	390.8		13,022			
c	395.0	+1.8	396.2		21,988				
	397.5	+1.8	398.5		1.002				
_	399.9	+1.8	400.5	400.3		5,868			
9	402.5	+1.8	403.0	403.0		10,916			
اين						162,125			
PL	MUNITA	NYME	X 650 '	Trov oz	: \$/tro	w dz.)			
1	408.5	+1.1	410.0		2,453				
•	410.7	+1.1	412.0 415.0	410.0		3,160			
er d	413.1	+1.1 +1.1		413.5	135				
•	415.5 418.5	+1.1	418.0 417.0	416.5 417.0	100	157			
i ini	418'9	-	417,0	417.0		25,444			
_									
PA	LLADRU	M NYM	EX (10)	) Troy o	z. \$/m	cy OZ.)			
ø		+0.85			777	6,615			
c		+0.80			68	1,571			
		+0.80	134.20	134.20	-	66			
	133.75	+0.80	_	-	-	107			
					853	8,309			
SIL	VER CO	MEX (5.	000 Tra	y oz.; Ci	وبولاختن	ز ته ر			
4	506.4	+1.3	502.0	502.0		19			
<b>.</b>	508.7	+12	513.5		16,308				
	516.5		521.0	514.5		26,702			
	524,4	+1.3	527.5			7,667			
17	529.5	+1.3	532.0	531.0	14	5,516			
4	534 5	+1.3	525.5	525.5	184	4,115			
أجا					17,883	109,477			

ENERGY  CRUDE OIL NYMEX (1.000 barrels. \$/barrel)									
		Day's change	(Sob	Low	Vol	Open			
Sep	21.14	-0.20	21.75		42,100	65.130			
Oct	20 57	-0 16	21.10			44,952			
New	20.05	-0 16	20 53	2002		28,171			
Dec	19 71	-0 10	20 20	19 67		37,130			
Jan	19 40	-0 12	19 BQ	1940		26,603			
Feb	19.18	-0.13	19.50	19.15		19,562			
Total					36,444	347,405			

Total					36,444	347,405
E CR	IUDE OI	L IPE (	Sbarre	Ą		
	Latest	Day's	_			Орент
	price	change	, High	Low	Yol	int
Sap	19.53	-0.06	20.05	19 47	17,942	60,180
Oct	19.20	-0.67	19.65	19.15	6,029	41,597
No.		-0 11	19.22			10,000
Dec		-0.12		18.48		15,259
معل	18.20		18.56	1B.20		11,011
Feb	18 00	-0 10	18.18	18.00	216	6,440
Total						
	ATING (	AL W	EX (42,	000 US g	afa.; cli	S gails.)
	Latest	Day's			-	Coon
	price	change	بثوكا	Low	Yol	int.
Aury	57 00	_	57.50	55.70	330	3,050
Sep	58 35	-0.38	59 70	58.05	13,677	38,819
Oct		-0.52		58.00		11,405
Hov		-0.62		58.10		9,353
Dec	58,25					24,388
Jan	<b>58 15</b>	-043	59.20	57.90		10,030
Total					27,967	112,548
M GA	s oil p	E (\$/ton	<b>06</b> j			
	Sett	Day's				Орея
	price	فأنصله		Low	Vol	
Any	181 <i>.2</i> 5	+3 00	183.75	181.00	4,746	15,359
Sup				178.50		15,064
0e£	178.00			178.00		6,302
Nor	176.75	+3.00	178.75	177.00	1,037	4,298
B	17E 9E	- 7 60	177 FA	175 00	4 977	11 357

340	110.30	+200	101.13	1/0.30	-	12,624
Oct	178.00	+250	180 50	178.00	1,155	6,302
Nov	176.75	+3.00	178.75	177.00	1,037	4,298
Dec	175.25	+2.50	177.50	175.00	1.377	11,357
-	173.00	+2.50	175.25	173 00		4,767
Total						54,770
NA.	TURAL	gas n	MEX (T	0,0 <b>00</b> ma	1814 : S/	
	Latest	Dest's				Open
		change	Web	Low	Vol	
	No.				400	
Sep	2.165	-0.130	2325	2,180	12,675	28,661
Oet	2.210	-0.109	2.325	2.205	3.710	18,761
May	2,300	-0.087	2.387	2.300	2.076	12,749
Dec	2.385	-0.065	2450	2.370		15.072
=	2380		2.455	2.380		11.985
Feeb	2.290		2.350	2.280		7.034
Total	2.230	-0-000		2200		132.235
1440					4	المبعد
	EADE					
Y .	EX (42.00	0 US ga	la., c/u	S galls.)		
						_
	Latest					Dogs.

		-0.0			1,549	11,900
	2.290	-0.050	2.350	2.280	484	7.034
أعاوا					24,374	132,235
		QAS				
W.	X (42.0	10 US 94	10., CVE	gella.)		
	Letest	Day's				Does
	price	change	High	Lew	Vol	
ep.	61.30	-0.82	62.85	61.05	11,202	27,798
lei		-0.54		58.90	1,886	8,745
tor		-0.45		57 ZS		3,690
)ec	56.40	-0.40		56.40		3,462
	58.30		56.70			3,026
	55 DO	-	<b>55.00</b>	54.35	10	
					14,271	47,365

			nel t			
t		price	chang	شهائل د	Less	Yol
FD0	Sep	110.40	-0.35	110.25	110.25	2
22,	<b>How</b>				111.95	21
N5	بيطل	114,05				12
183	Her	116.00				1
68	Stay	118.00			118.65	1
716	Jel	119.60	-0.80	-	-	
125	Total					25
리	= W	EAT C	T (5.00	XXbu mi	in; centa	/80b
81	Seo	443.50	-55	449.50	461.00	7.03
60	Dec	448.50				
46	May .	448.50	-4.75	451.50	444.50	90
57	May	422.00	-1	423.00	419.50	1
-	. Mari	357.00	-4	392.00	386.50	8
144	Dec	395.50	~	-	_	-
Z)	Total					18,84
<u></u>	= 14	ALZE CB	(5,00)	bu mi	n; cents	/56tb
71 171	Sec	348.25	-10	353.00	346.25	8 67
66	Dec	316.25	-š		315.00	
07	Mar	325,75	-5.7Š			
	May	331.25				
)	Jai	332.00	-5.75	333.50	329.50	20
	Sep	305.00	-3.75	305.00	304.75	54
19	Total					32,86
52 102	<b>S</b> B/	RILEY L	CE (E)	per ton	ne)	
67	Step	101.25	-0.60	101.00	101.00	14
16	Her				103.50	8
15	Jan	105.50	-0.85	105.50	105.50	15
77	Mar	108.00	-0.25	_	-	2
	May	110.00	-0.35	-	-	
	Total					9
	E 90	YABEAI	es cet	(5,000b)	ania; ce	ob-601
	4	757.00	-575	750 M	75£ KN	2.06

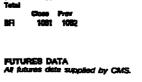
16.5	+1.2	521.0	514.5	1,169	26,702	<b>3</b> BA	RLEY L	CE (E	per ton	ne)		
24,4		527.5			7,667	Sap	101.25	-0.60	101.00	101.00	18	
29.5	+1.3	532.0	531.0		5,516	Nev	103.50					
345	+1.3	525.S	525.5	184	4,115	Jan	105.50	-0.85	105.50	105.50	15	
				17,863	109,477	Mar	108.00	-0.25	_	-	21	
						May	110.00	-0.35	-	-	-	
						Total					æ	
						E SC	YABEAI	NES CET	(5,0000)	y codic; ca	ob-60b	be
G)	/					Ass	767.00	-5.75	759 M	756 KO	3.067	7
	L NYMI	EV	<b>~~</b>			Sep	748.00					
Ę VI	E AT IMI	EX (1.0	UU DG	reas. S	CEATER	Nov	734.75				21.067	
	Day's				Орен	Jee	742.25	-3.5	743.00	730.00	793	1
	change	High	Low	Vol		Mar	748.00					1
1.14	-0.20	21.75	21 02	42,100	66.130	May	751.50	-3.75	752.00	740.00	100	-
	-0 16					Total					28,360	17
	-0 16					<b>80</b>	YABEA	N OF	CBT (6	0.0002	a: cen	
	-0 10					=	24 ER	+0.21	54.56	~~	5.835	_
	-0 12					Ang See					3,033	
9.18	-0.13	19.50	19.15			Oct.		+0.14			5.574	
				35,444	347,405	Dec			25.22		4.605	
E OI	L IPE (	опъс 2	Ŋ.							24.88		
	Day's		-						25.45		81	
	change	-		Yel	Oper int	Total					19,873	
	-0.05	_				# SO	YABEA	i Lee	L CHI	/(OO +	-	
	-0.06			17,942		_				·		_
	-0.07 -0.11					Aug	243.8				3,552	
	-0.12					Sep	239.0				4,224	
	-0.13		18.20		11,011	Oct Dec	230.9			228.5	796 4,663	
	-0 10		18.00		6.440	Table Sales	231.0	-0.4		228.0	400	
					0,110	Jan Mar	230.4			226.5		
	DEL HYM	EV 449 A				Total	230.7	-0.0	230.0	20.3	14,365	
		EA (42,0	u ds g	45. CI	<u> </u>		TATOE	2112	ma.	-1	سب	•
	Day's		_		Open					97		_
	change	i Sigli	Low	Yol	ini.	Mar	85.0	~	-	-	-	
7 00	-	57.50	55.70	330	3,050	<del>Mar</del>	1100					

	1-4-4	Day's			_	
		change	Historia	Low	Yol	
_	57 00		57.50			3.050
9		-0.38				38.819
ĭ		-0.52				11.405
~		-0.62				9,353
e		-0.53				24.388
_		-043				10.030
احا					27,867	112,548
-	IS OIL P	C (C)mm				-
			<u> </u>			
	Sett			_		Орок
	price	مأسيه	High	Low	Yol	
4		+3 00				
p		+2.00				
£		+250				
		+3.00				
C		+2.50				
A	173.00	+250	17525	173 00		4,767
أكأ					14,020	54,770
N	TURAL	gas m	MEX (1)	0,0 <b>00</b> ma	Bbs: \$/	mm(\$141)
_	1-4	Dey's				Open
		change	Hab	Low	Vol	
		-	_			
P		-0.130			12,675	
1		-0.109			3,710	
v		-0.087				12,749
	2.385	-0.065	2450	2 370	1.994	15.072

Precious Metals continued GRAINS AND OIL SEEDS

E COC			<b>Je</b> )	er tonn	<b>運(足p</b>	HEAT LC
	Орек		,		Day's	Sett
	int .	Yel		فهالا		
Sep	389	25				110.40
Dec		214				111.95
Mar.	1,384	12				114,05
May	462	17				116.00
34	305	10	118.65			118.00
Sep	42	-	-	-	-0.80	119.60
Total	5,835	255				
E COC	ushel)	/80b b	n; centz	Obu mi	T (5,00	HEAT CE
Sap	25,384	7,034	441.00	449.50	-5.5	443.50
Dec	33,111	8,852	444.50	452.50	<b>-5.25</b>	448.50
lder	6,588	905	444.50	451.50	-4.75	448.50
May	231	18	419.50	423.00	-1	422.00
Jai	2,541	35	386.50	392.00		387.00
Sep	81	-	-	-	~	395.50
Total	67,972	16,647				
E COCC	ishel)	566 bi	n; cents	bu mi	(5,000	ALZE CB1
Apr 2	68.667	8.677	346.25	353.00	-10	348.25
Daily			315.00			316.25
			322.50			325.75
E COFF			328.50			
	8,477	201	329.50	333.50	-5.75	332.00
Sep	882		304.75			
How	296,582	32,869				
Jan Mar			ne)	er ton	CE (E (	VALLEY L
May	173	18	101.00		_	
	919		103.50			
Total	320	15	105.50			
E COFF	6D	21	-			108.00
= 3011	50	~:	_			110.00
Sep	1.522	#	_	-		5.55
Dec			_			

				i roy		
Step	101.25	-0.60	101.00	101.00	18	173
ler	103.50	-0.90	104.00	103.50	80	919
lan .				105.50		320
Her .	108.00	-0.25	-	-	21	60
iley .	110.00	-0.35	-	_	_	50
late!					<b>96</b>	1,522
E 90	YABEAI	es cet	15.000b	odo e	obe/80h	handel.
		_	•			
	767.00					
lep low	748.00					
	734.75			718.25		
	742.25					
	748.00					
Lay .	751.50	-3.75	752.00	740.00	100	5,894
otal						174,366
80	YABEA	N Off	CB1 (6	0,0000	s: cent	2/b)
9	24 SD	+0.21	24.30	23.80	5.835	4,938
=		+0 17			3,207	
<u> </u>		+0.14	24.80		5.574	
) Dec		+0.16	25.22			34,648
	25.36		23			4.073
	25.65		25.45		81	3.894
Cottail					19.873	80,833
	YABEA		,	~~~		,
- 30	TAGEN	-	T, CiBi	(100 K	<b>76, 3</b> 7	rarų.
وما	243.8	-0.3	244.0	240.0	3,552	13,612
iep	239.0	-0.9	240.0		4,224	
)et	232.3	-0.9	233.5	228.5	796	7,201
Jec	230.9	-0.4	231.0	225.5	4,663	
	231.0	-	230.5	226.Û	400	3,945
lbr	230.4	-0.5	230.0	226.5	126	3,579
أطاه					14,385	75,273
PO	TATOE		(£/tonn	<del>o)</del>		
ige	85.0					
-	1100	~	_	_	_	_
L-		-11.2	109.9	103.0	258	1.083
in,	125.0	-	_	_		3
						-



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Tes
The Tea Broker's Association reports, demand was strong and general. Landed, all bright and coloury medium East Afficars were 2 to 6 perce deerer, spert from plain Kerryon which were steady. The few Ceylons on offer were substantially dearer. Offshore there was active competition at dearer rates. Outstations: best available 192p/lig., good maclum 192p/lig., medium 103p/lig., low medium 88p/lig. The highest price realised this week was 192p for a Ceylon bop.

-4 987 976 931 40,783 -4 1007 998 499 38,756 -4 1021 1012 507 38,831 -4 1025 1025 54 18,494 -2 1044 1044 2 11,344 -1 1058 1058 5 3,316 1341 -4 1354 1338 2,616 19,125 1380 -3 1380 1377 1,333 19,659 1409 -8 1418 1409 147 16,926 1430 -5 1430 1430 71 7,434 4,174 79,208 1533 -11 1553 1530 909 13,121 1518 -13 1535 1512 670 8,911 1473 -14 1480 1475 192 3,971 1435 -9 1453 1440 133 2,488 1420 -5 1425 1407 71 510 1424 48 1410 1405 11 159 EE 'C' CSCE (37,500lbs; cents/lbs) 107.90 +0.40 108.50 108.25 4.142 14.187 346.8 -0.6 347.6 348.0 530 11,333 343.8 -0.7 344.5 342.9 205 3,954 341.0 -0.5 342.5 340.5 357 6,159 377.8 -0.2 338.1 337.0 57 2,331 325.8 +0.1 336.0 334.6 139 923 324.3 -1.0 326.1 326.1 37 850 SUGAR '11' CSCE (112,000lbs; cents/lbs) 11.73 +0.02 11.76 11.62 7.792 71,680 11,42 - 11.44 11.36 3,175 42,714 EL COTTON NYCE (50,000lbs; certs/fbs) 72.53 +0.24 72.90 72.05 788 7,938 73.21 +0.26 73.60 72.80 2,859 31.208 74.80 +0.25 74.94 74.25 234 7,738 75.40 +0.30 75.10 75.00 17 5.817

Heatvy Fuel Off NATURAL GAS & E ORANGE JUICE NYCE (15,000bs; cents/fbs) Bacton (Sac) 112.40 +0.50 112.70 111.40 1,613 12.441 109.75 +0.45 109.90 109.00 332 3,887 109.70 +0.25 110.00 109.00 200 4,340 110.80 +0.15 111.00 110.25 72 805 112.45 +0.80 112.00 112.00 15 238 Sop Hov Jan Har Gold (per troy oz) § Silver (per troy oz) § Plathum (per troy oz.) Palladium (per troy oz.) 113,45 +0.55 113.00 113.00 Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (New York) Cattle (live weight) Sheep (live weight) Pigs (live weight) Lon. day sugar (raw) Lon. day sugar (wte) Barley (Eng. feed) Maize (US No3 Yellow) VOLUME: DATA TO A VOLUME data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months. Wheat (US Dark Rubber (Jun) P Rubber (Aug) P Rubber (KL RSS No1)

E REUTERS (Base: 16/9/31=100) E CRB Futures (Base: 1967=100) Aug 2 Aug 1 month ago year ago 245.13 245.52 E GSCI Spot (Base: 1970-100)

MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40,000lbs; cents/lbs) 88.425 -0.475 67.000 68.400 4,846 18,703 69.600 -0.25 70.250 69.550 3,937 87,859 67.400 -0.05 67.800 87.300 30.33 20.015 65.625 -0.025 87.300 80.875 256 4.855 65.275 +0.025 65.500 65.50 57 72 2,229 12.250 88.500 88.500 65.500 Aug 60.550 +0.825 60.700 59.900 2.882 5.592 Oct 55.575 +0.725 55.800 55.400 2.902 14.098 Dec 56.850 +0.5 56.850 56.250 1,282 9.461 Fish 78.750 -0.05 77.150 76.500 153 2,533 Apr 74.755 +0.05 74.700 74.250 53 968 Apr Jaca Total 74.725 +0.05 74.700 74.250 78.825 -0.1 78.800 76.250 ■ PORK BELLIES CME (40,000lbs; cents/ibs) 100.47 +2 100.47 100.47 87.700 +2 87.700 87.000 87.350 +2 87.350 88.750 LONDON TRADED OPTIONS

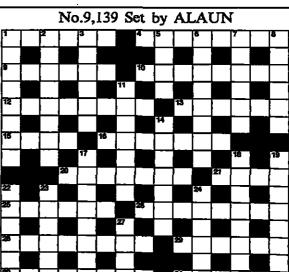
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LONDON SPOT MARKETS \$94-96 \$190-192 13.50-13.75 +0.05

\$129.00 101.0c -0.10 94,25p 100,96p 101,05p Coconut Oil (Philis Palm, Oil (Malay.)§ Copra (Philis 790.0w \$472.5w Soyabeans (US) Cotton Outlook'A' index Wooltops (64s Super)

420p

CROSSWORD



1 Appearing in "The Wicked Lady", created an impact 4 She'll bring the money 10 Get mixed up with spies 12 Will it tell you if the water's deep enough for

bathing? (8)
13 From the two I knotted, From the two I knotted, one (6) beheld it's tricky to knot! 11 He got very tight at Christ-(3,3) mas (7)
15 Piece of music so long it 14 Shows as always to have has to cut by half (4)
16 Did teaching conceivably lie about her allure? (7) 20 Said how clever one was to

play in purple (8)

22 The wife will wish we were (4) 25 All there can't squeeze into 26 Bathed in a watery glow?

29 Time to rebuild dynamo (6) 30 Boding ill for the left (8) 31 Like best, running on the outside, that dog (6)

DOWN
1 Wave the hot iron, to his 2 Getting out and walking (8)
3 They happen to have keyholes (6)
5 From the bitter cold, help 5 From the onter cold, neep to protect (4) 6 Scamp used to stray but is not so bad now (8) 7 How many have yet to get drunk at the new inn? (6) 8 This time one has a second returned, alas, a loss (7) Leads the way and goes back to power (8) Is Bumps into one day taking the dogs out (8) 19 Your team's going out to

23 Try hard to get air (6) 24 Leave in a sailing boat for somewhere in S. America 27 I abandon it with regret that is unfeigned (4)

with her (6)

Solution to Saturday's prize puzzle on Saturday August 17. Solution to yesterday's prize puzzle on Monday August 19.

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Offshore Funds

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\* Other Prite Includes 20-76 India/ Contra

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**JERSEY** 

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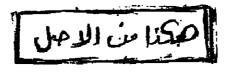
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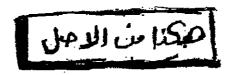
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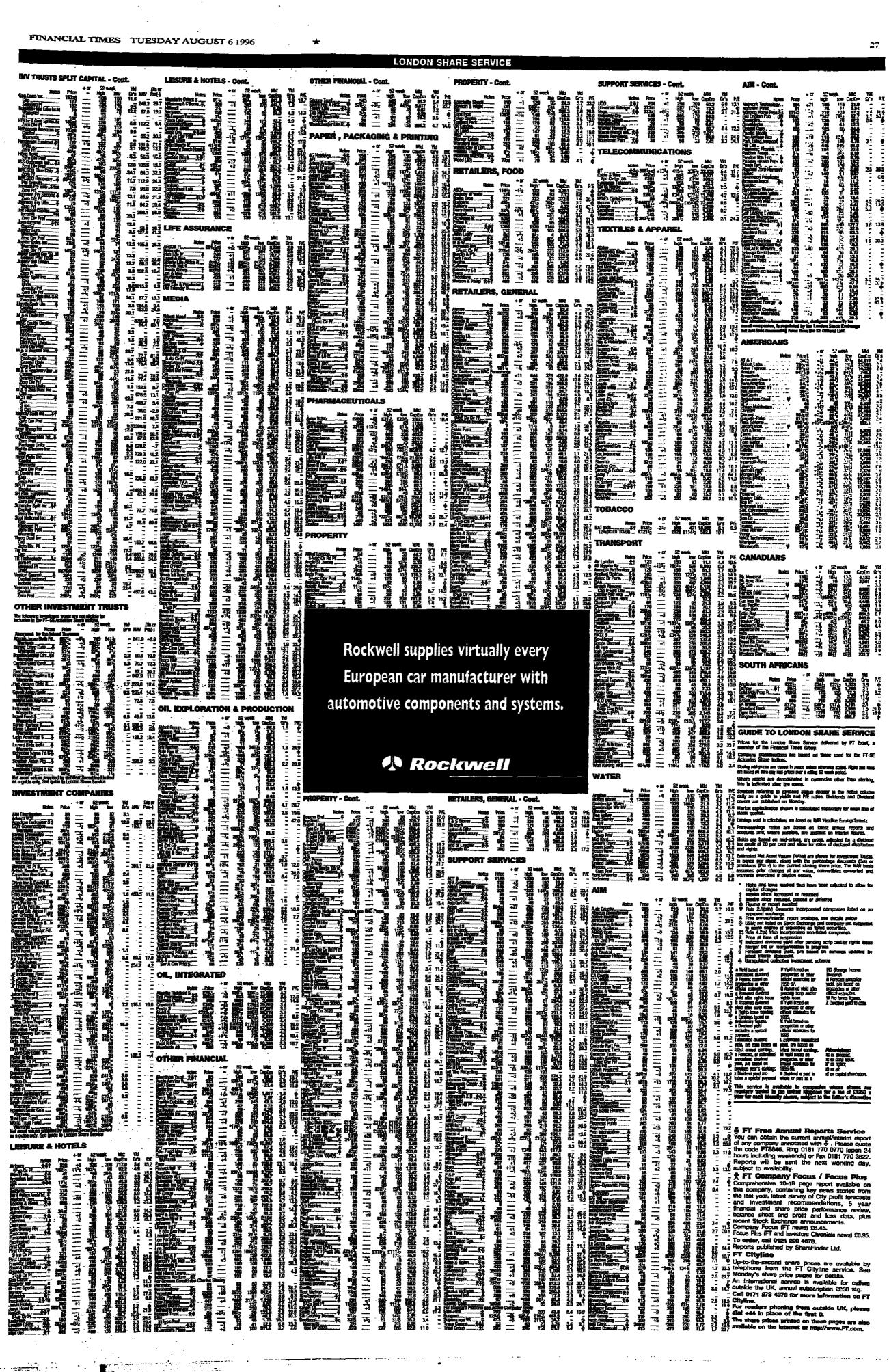
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#### LONDON STOCK EXCHANGE

## Footsie celebrates four-day winning streak

Markets Editor

A decent set of corporate results. a continued recovery on Wall Street and some modest opticombined to send the FT-SE 100 index higher for the fourth consecutive trading session.

The August holiday season is in full swing and once again, turnover on Monday appeared to be sluggish. By 5pm, 477.4m shares had been traded, of which 54 per cent was in non-FT-SE 100 stocks. The value of customer business on Friday was £1.83bn.

was reported in Just Group, an AIM stock, lifting the 6pm count for overall market volume to 1.2bn shares. However, the devil appeared to have been at work, mism about UK interest rates since the Just deal, at 4½p, would have represented five times the company's market capitalisation at Friday's close. The Stock Exchange was unable to confirm the accuracy of the reported

> In the real world, the FT-SE 100 index managed a 17.7 point rise to 3,788.7 and it has now risen 120 points since July 30. The Mid-250 index, which has trailed behind Footsie in recent sessions, had a

better day, rising 22.7 to 4,288.4. Figures from HSBC Holdings, the Hong Kong bank which owns Midland, and Pearson, the diversified group which owns the Financial Times, both came in better than expected and put the companies' shares among the top three Footsie performers.

Mr Philip Isherwood, UK strategist at Kleinwort Benson Securities, says "the companies reporting this summer are matching or beating expectations. There been a modest upgrading of 1997 estimates. With the institutions having lots of cash sitting on the sidelines, we think Footste can end the year at 4,000.

effect of a number of stocks. Newcastle, going ex-dividend. Shares received a modest lift from Friday's close on Wall Street, where the Dow Jones Industrial Average notched up another 85 point gain. The US market made another steady start yesterday, with the Dow

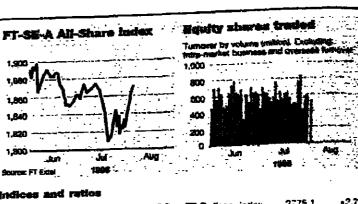
London close. Figures for manufacturing output and industrial production showed larger month-on-month falls than expected, raising hopes that the chancellor will push for

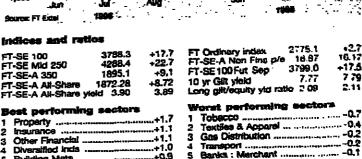
around nine points ahead by the

Yesterday's figures helped the a further cut in base rates. Gilts London market overcome the took heart from the weak data. with the 10 year benchmark issue including BT and Scottish & ending the session around an eighth of a point ahead.

But other recent economic data have been quite robust and the Bank of England is expected to argue, in Wednesday's inflation report, that rates may have to rise if the government is to meet its inflation target.

"The weak output data need to be set against the more buoyant signs in retail sales, business surveys, mortgage commitments, car sales and broad money" says Mr Michael Saunders, UK economist at Salomon Brothers.





#### Upgrade boosts **HSBC**

International banking group HSBC was by far the best performing Footsie stock of the day as analysts focused on the better-than-expected interim figures.

A busy session, in which 11m was dealt (the second highest total of the day), saw the shares rise 48 to 1164p. as analysts moved to upgrade full year profit expectations.

Mr Robert Law at Lehman Brothers was among those cheered by the figures. He raised his profits estimate for the year from £4.15bn to £4.5bn and believes, "the shares should be more highly rated based on the increased profits." In the rest of the sector,

Barclays which reports interim figures today, was in demand and the shares gained 8 to 845p, in trade of 3.9m. Rumours in the market suggested that company will announce a £200m share buy-back with today's figures. However there was nervous trading in Abbey National, which reports figures tomorrow. The shares eased 3 to 585p.

Standard Chartered was also wanted and the stock ended the session 12 ahead at 693p in busy trade of 3.1m Media group Pearson

shrugged off recent gloom and moved strongly ahead 451p and Brixton added 7 to

on a combination of relief 182p. over its interim results and appreciation about a dis-

trade last night.

The group's shares fell back last week as a series of bear stories did the rounds. The talk included a suggestion that the figures would do no more than break even. while the more bearish even talked of a dividend cut.

All of this proved unfounded as Pearson reported half time figures at the top end of market expectations and raised the dividend. The market was also cheered by the £305m disposal of Westminster Press. The shares responded by immoing 19 to 630p, though volume remained modest.

Kleinwort Benson was among those pleased with the figures and was said to above average volume of have raised its recommendation from "hold" to "buy". Henderson Crosthwaite

remains positive and has a corporate valuation of 890p a share. However, the broker has downgraded full year profit expectations by £10m

#### Property gains

An upbeat note from Panmure Gordon added to the positive glaze that has lately begun to form over property

The broker sees the sector as "back into buying territory", and picks out British Land, Brixton Estates and Land Securities as offering the best growth prospects among the mature invest-British Land jumped 11 to

Land Securities, boosted by a £130m disposal. added 15 to 684p.

Hopes for solid numbers when motor engineer GKN announces interim results tomorrow helped lift the

The City consensus is for profits in a £175m to £180m range, against £158m last "The numbers will be unexciting given tough trading in the automotive market, but in relation to the sector growth of 13 per cent could eventually be seen as something special", said one analyst yesterday.

Vague takeover talk got behind aviation and defence group Hunting. The shares. down from 190p in three weeks following a profits warning, jumped 9 to 120p in

There was profit-taking at

lever a possible predator subsided. One analyst said that the

market had caught on to the fact that there was no sign of buying, other than by the institutions. He said that analysts who followed Unilever closely did not believe the speculation. Cadbury Schweppes fell 10 to 529p while Unilever, which has half year results on Friday, rose 9 to 1267p.

A note from SGST on food manufacturers helped lift Booker 8 to 373p, Mr Carl Short, its food manufacturing analyst, said the main driving force behind the sector's poor performance, in profit and share price terms, from 1992 until recently was a margin squeeze in the UK caused by the failure to recover raw material cost

Cadbury Schweppes as talk

FINANCIAL TIMES EQUITY INDICES Aug 5 Aug 2 Aug 1 Jul 31 Jul 30 Yr ago "High "Low erre 2775.1 2772.4 2748.2 2718.8 2694.5 2610.0 2885.2 2669.8 id 4.10 4.10 4.14 4.18 4.22 4.26 4.22 3.76 t 16.34 16.33 16.20 16.03 15.88 15.78 17.25 15.80 16.18 16.17 16.03 15.67 15.72 15.48 17.03 15.71

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of a takeover - with Uni- the squeeze on margins to close at 231p, with volume would begin to reverse dur- reaching 1.8m by the close. ing 1996. Among transport shares, Railtrack, floated at a part-

ly-paid 200p in May and a recent strong performer, ran into profit-taking. The came off sharply in heavy 11m volume, ending down 41/2 at 2290. Interim profits broadly in

line with City expectations failed to inspire British Airways, which continued to suffer from groggy sentiment as a result of the legal moves by 24 per cent owned associate USAir. The shares dipped 61/2 to 584p.

"It's all very damaging. It looks as if USAir is trying to get the best position possible at the negotiating table ahead of BA's marketing link-up with American Airlines", said one analyst yesterday.

Telecoms leader BT was the day's most heavily traded Footsie stock, racking up turnover of 18m with the equivalent of a further 4.5m passing through the traded option pits.

The stock went ex a net dividend of 11.25p so it was actually a positive day for sentiment, with BT seen to have emerged in solid shape from its latest war of words with Oftel, the industry regulator. The shares ended a penny better at 365%p. Some brokers have begun

terday's heavy volume suggested that the City remains deeply divided on the outlook for trading. "The regulatory background remains a bone of contention for the shares",

to talk the shares back up

towards 400p, although yes-

said one leading analyst yes British Biotech, in which a ten-for-one share split came into effect vesterday, was in favour yesterday and the shares rose an adjusted 131/4

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Diversified Industrials(19) Electronic & Elect Equip(37)

A NatWest Securities review of the retail sector provided some optimism for the sector, with analysts forecasting that it was due a big bounce. However, it did sound a note of caution after the year end, with the looming general election causing

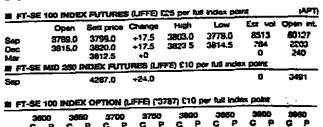
uncertainty. Marks & Spen-

cer rose 7 to 495%p, Next climbed 10 to 547p and Dixons rose 51/4 to 508p. The expectation that

Bass's bid for Allied Domecq's 50 per cent stake in Carlsberg-Tetley will materialise this week lifted the brewing and leisure group 13 to 828p. Allied, however, fell 5 to 447p.

**FUTURES AND OPTIONS** 

Building Mats .



ME EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) \$10 per full index point

**E Major Stocks Yesterday** 

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		% cbg on day		Year ago	Gross div yield %	P/E ratio	52 week High Low
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re Indices					Th	e Ul	< Series

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#### DIAMONDS - NEW HORIZONS IN MINES AND MARKETS

7 October 1996 - London

This major one-day conference will review the significant changes place in the international diamond industry, examining the consequences of the boom in worldwide exploration for diamonds, the impact of possible new producers on the market and the growth of new consumer markets in Asia. Expert speakers from North America, South Africa, Europe and Australia will address these key issues at this, the first FT conference devoted to diamonds.

Issues to be addressed include:

The Global Search for Diamonds

Canada's Potential as a New Diamond Producer-Where Do the Russians Stand?

Africa's Position in World Diamond Production - Now and

in the Future -- -- -- --How the Markets will Respond to the Prospects of New\_ Diamond Production

Speakers include:

Mr Hugo T Dunimett Senior Vice President and Group General Manager Exploration BHP Minerals

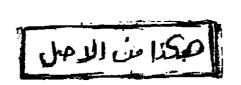
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Mr James Picton Standard Equities, Joh. Dr John Helmer

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22. 13-9; Augusta Fd 43-9; 35-9; Audosta 37-9; 23-9; Audosta 16 114; Aventous 10-16; 5-2; Avial 54-9; 33; Avial 54-9; 35-1; Avial 17-12; 12-5; Ayrida Corp 14-16; 7-3; Aziar

0 HOTEL INTER•CONTINENTAL LUXEMBOURG

When you stay with us in LUXEMBOURG



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	67 <sup>1</sup> 2 31 <sup>1</sup> 2 Securi 1.08 2.6 18 3036 63 <sup>1</sup> 4 47 <sup>1</sup> 4 42 <sup>1</sup> 4 - 27 27 <sup>1</sup> 2 11 <sup>1</sup> 2 Total 313 13 13 15 15 47 <sup>1</sup> 4 47 <sup>1</sup> 4 47 <sup>1</sup> 4 11 <sup>1</sup> 2 104 25 <sup>1</sup> 4 Securi 0.05 0.2 94 115 22 <sup>1</sup> 4 2	30 <sup>1</sup> 2 25 <sup>1</sup> 9 Weshing 324 <sup>1</sup> 1276 <sup>1</sup> 1 Washing x 17 6 <sup>1</sup> 2 Weshiconni 12 <sup>1</sup> 2 3 <sup>1</sup> 2 Wingstill	ياً- 1242 يا1952 يا1942 15 18 18 1.1 1.10 1.1 يا- 15% 15% يا19 18 18 1.1 1.10 1.1	Amalogic Amalysis x Amangelik	m 0.75 8 20 10 10 10 +1 <sub>6</sub>	EPO Wysie 1 Ericanii 0.22 2	22 122 45 <sub>1</sub> 41 <sub>2</sub> 45 <sub>1</sub> +1 <sub>1</sub> 15 296 61 <sub>2</sub> 651 <sub>4</sub> 6 23 8481 207 <sub>4</sub> 201 <sub>2</sub> 201 <sub>2</sub> -1 <sub>1</sub>	Magras Grp 0.88 11 3202 24 22% 23% 23%     Mail Box 0.07 25 507 18% 19% 18% 18% 28%     Mexcam Cp 2 216 11% 11% 11% 11%     Mainte Dr 52 4682 9% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	EECh 0.24 17 948 1974 1974 1974 1974 1974 1974 1974 1974
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į	16 <sup>2</sup> 1 14 <sup>2</sup> 3 Sunfinitions 0.02 11 29 120 16 <sup>1</sup> 1 16 18 <sup>1</sup> 2 21 <sup>1</sup> 4 25 <sup>1</sup> 4 22 <sup>1</sup> 4 16 <sup>2</sup> 5 Sunfinitions 0.02 11 29 120 16 <sup>1</sup> 4 16 18 <sup>1</sup> 4 21 <sup>1</sup> 4 16 <sup>2</sup> 5 Sunfinitions 0.02 11 29 120 16 <sup>1</sup> 4 16 18 <sup>1</sup> 4 21 <sup>1</sup> 4 16 <sup>2</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 4 16 <sup>1</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 4 16 <sup>1</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 4 16 <sup>1</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 4 16 <sup>1</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 4 16 <sup>1</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 5 Sunfinitions 0.02 12 20 18 <sup>1</sup> 5 Sunfinitions 0.02 18 <sup>1</sup> 5 Sunfinitions 0	22 <sup>1</sup> 2 16 <sup>2</sup> 4 Wantys	520 21 12 1989 245 243 4 244 - 1	Action Argonests	0.24 14 1244 114 10% 10%		_	McGrath R 0.56 13 309 124 22 24 +1 McGrathic 0.56 19 2238 20 <sup>1</sup> gd197g 197g	
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; •	15 <sup>1</sup> <sub>2</sub> 2 <sup>1</sup> <sub>2</sub> Instant 65.1839 11 <sup>1</sup> <sub>2</sub> 10 <sup>2</sup> <sub>2</sub> 11 <sup>1</sup> <sub>3</sub> 10 <sup>2</sup> <sub>3</sub> 22 <sup>2</sup> <sub>3</sub> United Cr 1.02 2.5 15 125 22 <sup>2</sup> <sub>3</sub> 23 <sup>1</sup> <sub>3</sub> 23 <sup>1</sup> <sub>4</sub> 1   p	T Pres Abreme) Repo te per obtain the co registed with \$. Please see 24 hours includes	orte Service smart armanificación report of any conspany i quele dia code F13182. Rog d'161 770 0770 y mentende er fac 0181 770 9822. +44 161 770 0770 or far +44 181 770 3822.	BT Shipping Buillets Builders T	15 832 12 <sup>7</sup> 6 12 <sup>7</sup> 6 12 <sup>1</sup> 6 -16	Green AP 0.28 8 Grossmans 0	109 113 14 14	NextelCmA 6 8157 16 <sup>2</sup> 8 15 <sup>2</sup> 4 15 <sup>2</sup> 8 - <sup>2</sup> 4 Nordson 0.72 17 52 50 <sup>2</sup> 8 50 <sup>1</sup> 2 50 <sup>2</sup> 8 Nidstra 0.50 20 8327 42 <sup>1</sup> 2 40 <sup>1</sup> 4 42 <sup>3</sup> 8 +2 <sup>1</sup> 4	Telests 21 3702 13 <sup>1</sup> g 12 <sup>7</sup> g 12 <sup>7</sup> g 12 <sup>7</sup> g Telests 72 7360 84 <sup>1</sup> g 61 <sup>1</sup> g 61 <sup>5</sup> g -2 <sup>5</sup> g
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Share prices

1995

peaking early at SFr1,211 on

a 33 per cent increase in

profits which prompted some

analysts to raise their full

year forecasts, but closing SFr9 lower at SFr1,184. Mr

Hyde of Williams de Broë

moved from a sell to a hold

on the stock, which put him

with the SMI index up 18.7 to

3.623.3. Dealers suspected

in a fairly neutral camp.

AUBS (SPI)

**AMERICA** 

## Acquisition flurry in three sectors

Wall Street

US shares drifted higher in light trading yesterday ony, an insurance company morning as the equity market took a breather after a months ago, for \$36.15 a four-session run that had share in cash. First Colony's added 4.5 per cent to the Dow Jones Industrial Average, writes Richard Waters in New York.

The pause came as the bond market, which had been one of the main forces behind the recent gains, settled back from the highs in recent weeks by a string touched on Friday. By lunchtime, the benchmark 30 year bond had shed around % of a point to trade at 90%, for a vield of 6.749 per cent.

The biggest percentage gains of the morning came among companies in the Nasdaq composite, echoing the bounce in Nasdaq stocks late last week. These advances, however, still left the Nasdaq well off its high for the year.

At midday, the Dow Jones industrial average was up 6.29 at 5,686.12, while the Nadsaq composite was 3.01 higher at 1,127.93. The Standard & Poor's 500 had advanced 0.21 to 662.28.

brought a flurry of activity in three industry sectors • Toronto was closed for a which had already been the holiday.

subject of extensive consoli-

GE Capital announced an agreement to buy First Colthat was put up for sale two shares jumped \$4%, to \$34%.

In the managed healthcare

industry, meanwhile, Pacifi-Care said that it would buy FHP International in a deal that it valued at \$35 a share, touching off a rally in a sector which had been battered of earnings disappointments. FHP's shares rose \$612 to \$341. Among other gains, Oxford Health Plans rose \$1% to \$39, Health Systems International climbed \$1% to \$22% and Humana gained \$% to \$17%

The third big announcement of the day brought a hostile bid for IES Indus-tries, a mid-western electricity utility, from local rival MidAmerican Energy. The move echoed an attempt by Western Resources, a Kansas utility company, to break up an agreed offer for Kansas City Power & Light, and was taken as a sign of more contested takeover battles to

## Banking stocks see action in D-Mark bloc

Banks saw action in the reporting in Germany, and UBS in Switzerland, However it was Bayernhypo's neighbour, Bayernverein, which took gold in FRANK-FURT, where the shares rose DM1.55, or 3 per cent to DM53, as the Dax index gained a mere 0.26 to an Ibisindicated 2,520.52.

Bayernhypo posted a 22 per cent rise in first half profits but Mr James Hyde of Williams de Broë said that it had had a substantially disappointing second quarter, with a significant slowdown in all income items. Costs accelerated slightly whereas their previous trend had been to decrease, and provisions were substantially higher than expected.

Bayernhypo's 26 pig share price rise to DM43.40 was ascribed to the current fashion for the financial sector, and Bayernverein's outperformance to the thought that it must have been taking market share from its close

A higher dollar did little for cyclicals, BASF shedding 67 pfg at DM39.72 and most auto stocks losing ground; Hoechst rose 45 pfg to DM50.07, and Schering DM1.25 to DM103.25, but this reflected strong prospects for their jointly owned crop protection group, AgrEvo.

Tokyo

switches from UBS to SBC, which closed SFr6.75 higher - 1,350 at SFr235.25; SBC is due to release half year results later this month.

AMSTERDAM was in a holding pattern as many investors either paused to reflect on last week's impressive 5 per cent gain, or left town for their summer holidays. Most of the session's activity seemed to come from individual investors. rather than institutions. The AEX index slipped

0.38 to 550.12. KLM, due to release first quarter figures today, went against the trend with a rise Outside the Dax, the embattled Computer 2000, of 70 cents to Fl 56. Some analysts believed that the due to produce results after Dutch carrier would show a hours, fell DM9 to DM329, reasonable set of results, just above its low for the mainly due to the positive year. It said that it would influence of its US partner, comment then on a Der Spiegel report that it planned to Northwest Airlines, Howomit dividend payouts.

ZURICH went both ways ever, they added, stripped of Northwest's contribution, KLM would probably show a on the UBS half-year figures.

decline in income.

KNP BT, which suffered a downgrade from James Capei at the end of last week, and had its prospective 1996 EPS cut by ING Barings from Fl 3.80 to Fl 1.90 fell 80 cents to Fl 35.40 after setting an intra-session year's low of

The broad market Fl 35.30. extended last week's gains, Among Among the dollar-sensitive multinationals Royal Dutch returned to favour with a

with the SET index up 32.61

at 1,137.44 in turnover of

largely by the announce-

ment at the end of last week

that a Bt21bn relief fund was

brokerage houses and banks.

Brokers said yesterday that

the fund was expected to

make itself felt later this

Bangkok Bank was the

KUALA LUMPUR was

figures, although overall sen-

timent was marred by a fall

most active issue, rising Bt6

to Bt218, while Krung Thai

Bank gained Bt6 to Bt111.

being established by local

The gain was triggered

Bt5.4bn.

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Open 10.30 11,00 12,00 13,00 14,00 15,00 Close FT-SE Emplorack 100 1646.17 1647.23 1647.51 1647.93 1647.03 1646.50 1645.23 1644.68 FT-SE Emplorack 200 1696.23 1698.32 1698.63 1899.67 1700.08 1698.96 1698.00 1698.64 Aug 2 Aug 1 Jul 31 Jul 30 Jul 28 1592.93 1600.00 1648.68 1654.71 1631,65 1684,27

gain of Fl 4.60 to Fl 251.40. PARIS was very much in a wait-and-see mood, with Electrolux added SKr11 or turnover down to FFr2.4bn as the CAC-40 index eased 10.22 to 2,013.19.

A rumour earlier in the day that the prime minister, Mr Alain Juppé, had resigned, quickly dismissed as "absurd" by his office. weighed on sentiment and caused a ripple of selling in the currency markets.

Eurotunnel moved slightly against the trend, rising 5 centimes to FFr8 as the group announced July figures for the shuttle vehicle service. The company said that the number of tourist vehicles had doubled from the same 1995 period, while freight traffic was also sig-

STOCKHOLM began the half year reporting season with results from Electrolux and Pharmacia & Upjohn, both of which came within

expectations. The Affarsvarlden general

tricity utility, due toheavy

selling by institutions fol-

lowing a 16-hour nationwide

The composite index

blackout over the weekend.

advanced 10.12, or 1 per cent,

to 1.106.29. Tenaga fell 45

cents to M\$9.75 with some

analysts remarking that the

latest power failure could

lead to the utility losing its

BOMBAY fell back in spite

of some buying by overseas investors. The BSE index

slipped 28.95 to 3,482.68,

bringing its decline since

last month's budget to 8 per

report that a 12.9 per cent

tax, which was introduced in

monopoly.

helped by good May trade cent. Steels were active on a

Nycomed, the pharmaceuti-

index rose 6.3 to 1,949.68.

3.3 per cent to SKr347 after

reporting a half-year profit

of SKr1.8bn compared to

SKr2.1bn for the first half

1995. Pharmacia firmed SKr4

The banking sector also

witnessed some of the day's

best gains, the sector index

rising 1.8 per cent and S-E-

Banken SKr1 to SKr56.50.

attention on the telecoms

sector once again with inves-

tors eagerly searching out

Stet in anticipation of an

announcement from the gov-

ernment, possibly today.

regarding plans for privatisa-

The Mibtel index lost 31 to

9,768, while the Comit gained

1.30 at 614.92. Turnover was weak at some L400bn.

while Sirti advanced L300 to

L10,015, Telecom Italia L35

to 1.2,925 and TIM eased L10

OSLO was hit by a disap-

the budget, might be with-

SYDNEY was stronger

with most of the gains com-

ing during the morning. The

All Ordinaries index rose

25.1 to 2,233.7 in turnover of

Coca-Cola Amatil rose 14

KARACHI, up 3.6 per cent

on short covering last Thurs-

day and closed on Sunday

because of the death of a

member, fell back with the

KSE-100 index down 9.67 at

1,498.71; dealers blamed a

delay in an IMF visit, caused

by budget haggling, and an

opposition strike call for

cents to A\$15.55 ahead of

first half results expected

Stet gained L70 to L5,030,

to SKr285.

to L3,300.

A\$582.8m.

tomorrow.

cals company, as the Total index slipped 2.0 to 817.21 in turnover of NKr491m. Nycomed lost NKr7.50 to NKr79, a 1996 low, on weaker than expected results which showed a 26 per cent fall for the first six months com-

pared with the same period HELSINKI was helped higher by Nokia after the company announced an order from the US worth \$100m for handsets. The company's shares rose FM3 to FM166.50.

The HEX index added 8.07 to 2,012.10 on turnover of FM166.6m. Amer, the sporting goods group, dropped FM3.60 to FM93.40 after it said that it would restruc-MILAN concentrated its ture its Wilson division. Analysts had thought that the restructuring would go beyond golfing equipment when the shares leapt 12.6

per cent last Friday. WARSAW jumped 3.9 per cent after a four day slide, the WIG index rising 487.0 to 12,823.8. But analysts said that this stemmed from a spate of buy orders delayed by a computer failure last Friday, and some of them predicted flat share prices or worse for later this week.

Written and edited by William

SEOUL's construction sec-

tor was weakened by news

that Kun Young Construc-

tion had defaulted on

Won1.9bn of promissory

notes. Kung Young fell Won

240 to Wop3.820; its main

creditor, Seoulbank, which

said that it would extend an emergency loan, dropped Won100 to Won5,150 as com-

posite index closed 0.22

MANILA saw strength in

Avala Land, up a peso to

47.50 after the government

inflation for July, but the

composite index slipped 1.24

to 3.153.98 on profit-taking.

higher at 824.30.

#### Nikkei average up 1.7% to recover 21,000 level Meanwhile, a renewed follow. IES's shares rose spate of big acquisitions \$3'4, to \$33'4.

## Mexico holds gain

MARKETS IN PERSPECTIVE

% Change in local currency †

-2.46 -1.32 -6.24 -2.68 -3.65

-2.03 -0.84 -3.81 +0.69

-1.72

-0.23 -3.02

-5.41

+3.04

-5.02

-0.41

+0.85

+0.91

FT/S&P ACTUARIES WORLD INDICES

-1.17 +14.12 +6.61 -0.52 +11.83 +11.34

+10.06

+6.18 +18.86 +12.85

+25.10

+9.97

+2.40 +13.96

+19.06

-0.37

+2.71

+9.04

+28.42 +14.90

-1.56 +15.50 +5.60 +4.73

168 16 132.32 177.69 121.44 207 00 145 57 174.03 122.38 152.49 107 24 299 96 270.34 189.42 131.15 166.92 117.36 168.93 132.76 168.93 132.76 188 81 132.76

188 81 132.78 150.91
270.47 190.00 216.18
75.08 52.81 60 32
14426 101.45 115.30
514.67 361.93 411.36
163.28 822.67 935 031
285.57 200 82 228.24
80 48 56.60 64.33
240.14 66.87 191.93
198.20 139.38 158.41
375.36 281.96 530.01
374.09 207.91 239.04
173.02 121.67 138.29
339.80 238.96 27.91
234.93 166.25 197.82
141.82 99.59 113.19
225.30 150.14 180.88
259.33 150.14 180.88
259.33 166.65 197.82

236.91 166.60 189.35 203.93 142.87 163.99 203.41 206.33 234.52 156.20 109.84 124.84 175.65 123.52 140.39 252.74 177.73 202.00 185.55 130.48 149.30 267.02 187.99 213.65

176.78 124.31 141.29 145.28 189.97 140.63 159.83 174.95 234.12 164.64 187.12 229.67

+18.29

-4.15 +18.33

Mexico City opened lower on investors digested last profit-taking following a week's 10 per cent rally. The strong rally at the end of last Merval index was off 1.12 at week. By midday, however, the market had begun to recover slightly, with the by 3.3 per cent on Friday IPC index standing up 2.29 st helped by the fall in US long

Equities gained almost 7 per cent last week on a brighter outlook for US interest rates. One analyst remarked that

the market had appeared to have broken its bearish helped by positive tax revetarget the 3,220 level. **BUENOS AIRES** was trad-

trend, and was now likely to ing in a tight range by late morning and many brokers felt that the market would

+2.52

+1.46 +2.87

+3.09 +4.65 +0.46 +3.64 +4.30 +1.93 +2.48

+2.62

+2.86 +2.32

+2.78

+1,39

+2,62

.173.64

.1216 95

..179.98

\_\_\_243.54

Hong Kong .....

Singapore .....

South Africa

NATIONAL AND

lang Ko

37) Neoc

USA (625) ....

entend (37).

553.37 by midday. The Merval index jumped bond yields and prevailing

optimism over the recent replacement of the former economy minister, Mr Domingo Cavallo. The market's gains at the end of last week were also

nue data for July. SAO PAULO was weaker at the midsession point, almost erasing last Friday's 1.4 per cent rise. The Bovespa index was down 833 or continue this pattern as 1.3 per cent at 62.803.

| % change | % change | warling † | in US \$ †

+3.61

+3.65

+6.03

+6.78 +10.85

+6.69 +9.65

+8.73

+14.02

+4.28 +2.79

+5.91

+3.69

+9.52

-2.49

+5.81

3.47

+7.58

+8.09

+18.28

-11.92

165.45 161.83 139.10 336.50 121.88 157.92 232.75 242.25 151.40 185.56 149.06 152.74 133.41 133.41 132.407 418.90 150.91 252.37 716.18 246.71 60.32 88.49 115.30 101.45 113.6 514.40 925.03 10025.66 228.24 228.71 54.33 65.07 191.93 216.25 195.41 259.15 158.41 259.15 158.41 259.15 158.41 259.15 158.41 259.15 158.41 259.15

171.51 343.90 182.39

144 46 226.50 269.77

207.26 181.96 259.85 112.49

138 74

+8.06

+6.08

+8.01

+13.28

+3.58 +2.11

+5.21

+3.00

-3.14

+5.11

-4.11

+7.37

-12.51

+4.04

The FT/SBP Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are collected and Goldman Sachs in conjunction with the Faculty of Actuaries and the Incitation of Actuaries. NatiWest Securities Ltd. was a co-found

168 44 137.97 161.53

Local y % chg cn oby

0.6 -0.4 0.5 1.5 0.6 1.5 2.8 1.7 1.3 0.8 2.9 1.6 0.0 1.0

2.1 2.9 0.9 0.9 1.9

+6.30

+8.85

+9.52 +9.83

+1.33

+9.02

+12.31

+8.34 +2.79

**≠7.10** 

-0.87 +8.84

+0.43

+0.59

-3.98

+7.72 +7.37

+7.50

Electric up Y13 to Y640. Last Friday's strength on Wall Street helped the Nik-

kei average recover the 21,000 level for the first time in six trading days, writes Emiko Terazono in Tokyo. Y80 to Y375. The 225 index rose 137.06 In Osaka, the OSE average to 21,077.47 after moving between 21,019.80 and 21.188.10. The rise on Wall

tary policy. Volume totalled 231.3m shares, the lowest for the year. Fund managers were away for summer vacation and activity was dominated by arbitrageurs, said traders. Overseas investors, who had been leading sellers, bought large capital steels and shipbuilders but domestic insti-

Street calmed lingering con-

cerns over a possible shift in

the Bank of Japan's mone-

tutions remained on the The Topix index of all first section stocks rose 3.91 to 1,601.88, while the Nikkei 300 gained 1.00 to 297.87. Advances led declines by 597

to 438, with 181 unchanged. In London, the ISE/Nikkei 50 index rose 0.37 to 1426.94. In steels and shipbuilders. Nippon Steel, the most active issue of the day, rose Y4 to Y364 and and Ishikawajima-Harima Heavy Indus-

tries Y14 to Y537. The rise in high-technology stocks on Wall Street supported the sector. Hitachi rose Y8 to Y995, and Sony

gained Y40 to Y6,960. Elec-

103 to 8.016.3.

US

Golds lift Jo'burg

Western Deep Levels gained R4 to R178.

Pound Sterling Index

lohannesburg was propelled higher by golds as the price of

bullion rose to its best level in in three weeks. The overall

index gained 82.9, or 1.2 per cent, to 6,776, with foreign institutions making substantial purchases.

The gold index added 51.6 to 1,860.6 and industrials made

Among the main movers, Anglo was up R1.25 at R250.25. while Rembrandt added R1.75 to R40 and Gold Fields

addedR5.50 at R137. Vaal Reefs put on R6.50 to R377 and

Local

| Dollar | Sterling | Yen | Index | Index | High | Low | Inperis | Low | Inperis | Index | Ind

241.86 230.27 153.21 185.29 203.39 252.43 208.19 209.20 209.90 199.85 141.64 160.80 179.81 213.30 189.33 199.89 300.57 296.16 208 230.27 256.68 306.61 261.13 280.50 162.38 154.60 109.58 124.40 112.24 177.01 148.86 159.67

182,06 173 34 122,86 139,48

288.03 245.67 174.12 197.68 190.93 161.79 126.84 146.27 275.02 261.85 185.59 210.70 183.07 174.30 123.53 140.25

137.81 190.57 186.51 257.42 269.52 221.79 154.08 194.86 169.65 238.85 296.68 243.59

142.23 191.55 167.36 178.84 172.75 213.05 185.61 189.06 225.94 247.55 212.62 217.08

Currency 52 week 52 week Index High Low

tric cable and wire makers cent on blue chip buying. were higher with Furukawa

Speculative favourites were mixed. TYK, the firebrick maker, fell Y10 to Y1,120 but Nichiboshin, the non-bank money lender, rose

rose 38.23 to 22,114.70 in volume of 38.3m shares. Kanematsu NNK, the speculative favourite, plunged Y460 to

Awaiting HSBC results after the close, HONG KONG climbed 1 per cent in spite of profit-taking later in the day. The Hang Seng index rose 109.46 to 11,071.43 in turn over of HK\$5.3bn.

HSBC and its subsidiary Hang Seng Bank, saw profit taking, with the parent ris ing HK\$1 to HK\$128, off a high of HK\$129.50, and Hang Seng Bank 55 cents to HK\$79 after HK\$80. Later. HSBC reported a higher than expected 32 per cent rise in

Utilities led the market with a sector gain of 1.5 per cent. Hongkong Electric rose 70 cents to HK\$23.90 ahead of Thursday's first half earn

85 cents to HK\$23.35 on separate listing plans for its office and commercial prop-BANGKOK continued its

recovery, rising nearly 3 per

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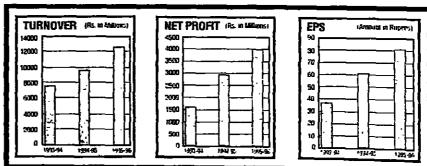
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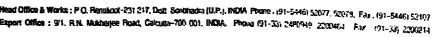
(Rs. in millions)

For the

	FOR LINE	rorme
	year ended	year ended
	31.03.96	31.03.95
Profit before tax	6411.46	4299,28
Provision for tax	2400.00	1,380,00
Profit after tax	4011.46	2919.28
Income Tax refund for	1	
earlier years	: _	0.20
Profit available for	1	
Appropriation	4011.46	2919.48
Appropriations:		
Transfer to Debenture	i	
Redemption Reserve	163.60	163,60
Proposed Dividend	297.86	257.63
Transfer to General Reserve	3000.00	2498.26
Balance carried forward	550.00	
	<del></del>	<del></del>
	4011.46	<u>2919.4</u> 8









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- 1

#### **TECHNOLOGY**

ene hunters all over the world are surfing the Internet looking for snippets of DNA that will guide them to cancer genes, infection-causing proteins and the keys to a host of genetic

There are now so many Web sites for genes linked to various diseases that researchers who do not learn how to surf the Net may miss out on a scientific gold rush that is transforming the way biologists do their work.

"It is such an exciting area that somebody who isn't using the internet right now will be left behind," says Scott Kern, a searcher at Johns Hopkins University in Baltimore, who recently identified a gene that activates pancreatic cancer.

The volume of DNA sequences being dumped daily on to the Net prompts Kern to speculate that by the end of next year most newly identified genes will be cloned with the aid of these

He and many other researchers talk about doing "virtual clon-ing" and "armchair genetics" because they can use libraries of DNA to deduce the presence of a gene without doing much laboratory work. "It takes the drudgery out of cloning," says Kern.

It is becoming common for edi-tors of "peer-reviewed" scientific journals to ask researchers to deposit their sequences in a database – which are accessed via the Net – before publishing their articles. The number of sequences deposited in GenBank, the repository run by the National Centre for Biotechnology Information, for example, is doubling every 12 months, says David Lipman, who heads the centre. Until 1995, the doubling time was about 21 months.

Government-funded gene data repositories have opened in Japan and Europe, and along with the GenBank, all three centres exchange newly deposited DNA sequences with one another on a daily basis. GenBank receives 30,000 requests for information via the Internet each day. Biotechnology and pharmaceu-

ccess to online databases has revolutionised the, **L** speed and effectiveness of research at Pentide Therapeutics. the Cambridge-based company which aims to identify therapies for common diseases such as asthma, arthritis and meningitis. Richard Scott, whose work

involves experimenting with models of molecules to manipulate their structure. reckons his time to be about 20 times more effective with the

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SECTION OF A STATE OF A

The Internet is enabling gene hunters to tap into

a global database, writes Marjorie Shaffer

# Genetic gold

tical companies have also begun to realise the potential of genetic databases, and are recruiting researchers who can design computer programs to sift through the databases. "Every biotechnology company now has some kind of genome utilisation project under way," says Frank Calzone, a researcher at Amgen, the biotechnology company based in California. "We sure couldn't work without these databases, he says. A genome is the blue-print or "map" of a living thing's netic material

Gene hunters have already benefited from using clues from DNA sequences posted on the Net. The international group that recently discovered the breast cancer gene BRCA-2, for example, searched for the gene in the same region of chromosome 13 where one of the ganes for pancreatic cancer lies. And mutations in BRCA-2 among families with a history of breast cancer were far more easily identified because groups at Washington University School of Medicine in St Louis and the Sanger Centre near Cambridge in the UK, put the entire sequence of the region containing the breast cancer gene directly on to the Net.

The Internet is indispensable at this point," says Robert Waterston, who heads the Genome Sequencing Centre at Washington University, which is unravelling parts of the human genome and is collaborating with Sanger to unlock the genetic blueprint of



Raw DNA sequences are similar to hieroglyphics without the Rosetta stone; they may contain hundreds of genes but are meaningless babble until properly interpreted. Although biotechnology companies have submitted many thousands of sequences to

sequences can be patented. Only genes, so far, have been patented Waterston believes that DNA sequences should be released rapidly over the Internet and made available to anyone who wants to use them. "Clearly, you need to patent at some point before drug the US Patent Office, the office companies will invest. But at this

## A speedy researcher

'I use the internet to log on to up-to-date databases containing three-dimensional molecular structures," he says. "Before the Internet such databases would be sent on disc or tape in the post and updated only every six months - so it took longer and cost more to access less reliable information in an industry where speed to market is vital."

The company connected to the Internet in November, using a high-speed, high-bandwidth ISDN line from UUNET Pipex, the big European Internet service

Peptide hooked up to the Net because it believed this would transform its communications and information gathering in terms of speed and cost. "E-mail is an essential tool in our industry, and many of the applications available on the Internet free and by subscription provide competitive advantage. says Ian McKendrick, the

company's network manager Terry Hart, director of medicinal chemistry, says "tools available over the Net are saving us millions. For example

stage and there is such a wealth of information in these sequences that it is inappropriate and counterproductive to lock it up in the hands of a few companies.

"We are generating about 1m to 2m base pairs a month and we submit [the data] over the Internet for anybody in the world to see and inspect," says Waterston. (Base pairs are the building blocks of DNA.)

Under an agreement with Merck, the big US drug company. the Washington University group is also deciphering random bits of genetic information culled from human tissues such as the brain, liver and spleen and is sending its results immediately to GenBank. Merck is collating the information for its Gene Index, another public database.

The Merck agreement has partly closed the information gap between sequencing companies such as Human Genome Sciences in Maryland and publicly available databases such as GenBank, according to Kern. "I think that Merck really levelled the playing field for everybody. The genomic data being compiled by compa-nies is increasingly worthless because much of that work has been copied by others and is available publicly," he says.

On the other hand, outsiders

do not know exactly what sequences companies do have. Meanwhile, pharmaceutical and biotechnology companies are combing through the genetic maps of infectious organisms hoping to find new targets for vaccines and medicines. And there have already been cases where researchers have not put sequences into public databases until patents were filed.

But at this point, Waterston argues that it will take many years for companies to produce medicines based on genome sequencing, "People talk about the rapid release of sequences as a danger to the biotech industry," he said. "I think it is just the opposite. If you don't have the sequences out there for everybody to see, the chances for discoveries to benefit human health will go way down.

Scifinder, which searches for information on the Internet and costs just \$18 [£11.50], can quickly access all the information published in the Chemical Abstracts Database over the last 30 years at the cost of a local phone call."

The company has also established an Intranet - which has allowed full sharing of information internally, says Peter Laing, director of research

**CONTRACTS & TENDERS** 

## Joint venture for knees

Andrew Baxter on a new design of brace for sports players

7 ith the Olympics over, US sports fans are turning their attentions to American football. The players will be looking forward to a new season too, but will also be wondering whether they will get through it without

In football, ice hockey and many other contact sports, the knee joint is one of the body parts most at risk. It has a large range of movement, but its stability depends on ligaments which can be damaged by side impact, forced movement of one bone relative to the other, or lateral twisting of the lower leg. Hundreds of different types of

sporting knee braces are available, from clastic sleeves that offer some stabilisation to larger medical-type braces with metal bars down both sides and

The problem for designers, however, is that the knee has no single pivot or hinge because of its rolling action. A knee brace that imposes its own centre of rotation could restrict a player's action or begin to move about on the leg.

Today, at the ISPO sports equipment exhibition in Munich, Kelvin Doyle, a UK physics graduate and entrepreneur, is due to unveil the Panther Knee Protector, which he believes to be a cost-efficient and effective solution to the design problem. Several sports injury experts and academics who have seen the prototype

The key to the design is an arrangement of three separate hinges which ensure that the brace does not impose its own pivot on the knee. A sliding bearing allows the lower section to rotate, while a rigid strap round the back of the upper section keeps the brace firmly in place.

Collectively, these elements make the design unique, says Doyle, and give protection from injury without compromising the user's mobility - the knee brace will weigh only between 70z and 10oz.

This is crucial to the prod-



uct's commercial future, a sales will be much higher if the product is used widely as a pre ventative brace rather than one that is applied only after an injury. For this reason, the Panther has to appeal to image-conscious sporting types and not look too "medical".

Since 1994, Doyle has been working closely with Mike Dewar, senior research fellow at University College London, who has been supervising prototype development. The brace has been undergoing field trials in Europe and, from September two nanamed National Football League and National Hockey League teams in the US will be trying it.

The knee brace will be made of carbon-fibre or less expensive reinforced plastic, and come with or without a kneecap cover. Prices will range from £250 to £750, although bespoke versions will be more expen

Manufacturing is due to begin this autumn, says Doyle, with assembly by his own com pany, Doyle Manufacturing Corporation, from parts made by subcontractors. A nonexclusive deal is being arranged for Vulkan, a Swedish manufacturer of flexible knee braces, to distribute the Pan-ther worldwide, outside the US.

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- Letter of bid must be handed not later than 8.9.1996 at 1500 o' clock or direct to estimation commission of offer to date 9.9.96 at 1000 o' clock. At this time the tender will open and you are invited to participate.
- 5. Bidder, who will be the first place and will not agree to sign the contract will confiscate the offer insurance.

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> OPAT, Bureau Nº 38, **Aéroport International** de Tunis-Carthage, Tunisia.

Tenders should be placed in two sealed envelopes. The outer envelope should only be marked: "Do Not Open - International Tender to lease duty-free shops." It should also contain the following documents:

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Tunis-Tunisia. Tenders should be received by the OPAT's Bureau d'Ordre Central no later than 12:30 pm on August 5, 1996.

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Summer Music in America: Tanglewood

Nostalgia for 'Peter Grimes'

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teaching schedule. A little further on, you can see the boathouse where Paul Hindemith gave composition classes. And across the lawn from the Shed, on the wall of the original manor house, is a copy of Benjamin Britten's letter to Koussevitzky, dated February 15 1942, in which he says: "I don't know whether I can convey to you the excitement and gratitude this commission [Peter Grimes] gives me. I find it difficult to think of anything else."

This is Tanglewood Music Center, situated in the Berkshire hills of Massachusetts about three hours' drive from Boston. With its serene landscape, informal atmosphere and simple amenities. Tanglewood is a place where musicians love to work. Koussevitzky founded it in the late 1930s with two aims: to provide a summer home for his orchestra, the Boston Symphony, and to be the site of an academy advanced training programme?

for advanced training, attracting Where else can students rub shoulders on a daily basis with bright young musicians. Koussevitzky's ideals are cherworld-class performers? And ished to this day. Every summer, what other festival is so remote up to 400 students live and work alongside principal players of the

and yet so high-powered? In fact, the canopy of trees across the Berkshire hills camou-BSO and distinguished guest teachers, all united in pursuit of flages a large, cultured populamusical excellence. The focal tion, most of them New Yorkers point of their activities this year and New Englanders on holiday. Victorian timber cottages was a 50th anniversary production of Peter Grimes, the work abound, and there are many which put Tanglewood on the small-scale theatre and chamber music festivals. map after the second world war. The production was full of ech-Tanglewood overshadows them

all. The big draw is the pro-gramme of weekend concerts in the Shed – a large open-backed auditorium shaped like a fan, allowing picnickers to listen from the surrounding lawns. Some of the programmes are very ordinary; some are poorly rehearsed. But to focus on the symphony concerts alone would be to miss the spirit of Tanglewood. The place is a hive of round-the-clock activity, of open rehearsals, pri-

vate tutorials, chamber music

sessions and frenetic study. This

inauguration two years ago of Seiji Ozawa Hall, a 1,180-seat showcase for student concerts, masterclasses and recitals.

With its barn-like roof, red brick walls and wooden verandas, the hall has the air of a New England meeting house, blending perfectly with its surroundings. There are no interior walkways: the doors lead directly on to the lawn and are made of glass, so that the audience does not feel closed in. In true Tanglewood style, the back wall opens up so that others can listen outside. Here is a musician's paradise, with an acoustic to match - a rare blend of clarity, depth and

Ozawa Hall, named after the BSO's long-serving music direc-tor, was made possible after the purchase of an estate adjoining Tanglewood, nearly doubling its groundspace. Without it, this summer's Peter Grimes would not have taken place. It has released

intimacy.

purpose for which it was built in ues to grow as a conductor. Run-1941 - student opera performances.

In its early years, Tanglewood's opera course was the only one of its kind in the US, its alumni including Leontyne Price. Shirley Verrett and Sherrill Milnes. When Erich Leinsdorf closed it in the early 1960s, to concentrate resources on other student programmes, the theatre pit was covered, and other festivals notably Santa Fe - stepped in to fill the gap. Tanglewood's vocal programme focused instead on Lieder and oratorio, and the theatre became a venue for student concerts.

Now that Ozawa Hall has taken over that function, a debate has been sparked about how far Tanglewood should revive its opera programme. There are many arguments in its favour, the theatre itself has an acoustic of thrilling immediacy; vocal training which ignores opera is incom plete: and Ozawa's theatre work

side of Tanglewood has had a the Tanglewood theatre for the is the one area where he contin-higher public profile since the purpose for which it was built in ues to grow as a conductor. Running against these arguments is the fear that opera might change the character of Tanglewood and swallow too much money.

Peter Grimes seems to point the way forward. It was enough of a success to justify future productions, perhaps every two or three years. In between, less ambitious projects could be tackled. First, however, there are some lessons to be learned, instead of

allowing the Grimes anniversary to become an exercise in nostalgia, Tanglewood should have commissioned a new opera - a gesture which would have shown faith in the future, just as Koussevitzky did in 1942. And the production should

bave reflected Koussevitzky's desire for "new stage and production techniques, new methods and new attitudes, all leading to a more vital presentation of music drama"

Instead, what we saw was a wooden staging, offering minimal

insight into character and drama. The decor - a stone facade for the indoor scenes, a pier-platform for outdoors - provided a versa-tile setting, but lighting and costumes were unimagnative. The chorus did little but stand, sing and spectate, and Grimes was portrayed as a violent misfit. with no redeeming traits.

In compensation, the musical interpretation was unfailingly precise - particularly in the big choral numbers. The Tanglewood Music Center Orchestra gave an energetic, virtuoso account of the score: Ozawa's commitment was audible in every bar. The astonishing aspect of the performance was the way the spirit of Lennie seemed to hover over the interludes. Here were the jazzy rhythms and syncopations that Britten unwittingly absorbed dur-

ing his American sojourn.

Notwithstanding the mild impact of Grimes, I was loath to leave Tanglewood. I wanted to stay to hear Stockhausen's Manfra this weekend in Ozawa Hall, to cavesdrop on Yo-Yo Ma's cellu masterclasses, to talk to Fellows of the composition faculty, to watch Bernard Haitink preparing Daphnis et Chloc. These and other pleasures must await my return another year.

**Andrew Clark** 

#### Theatre/Ian Shuttleworth

# Hedda stays ahead of pack

lexandra Gilbreath's performance in the title role of LIbsen's play *Hedda Gabler* has been fêted long before the pro-duction's arrival in London. Hers is a very different Hedda from the norm. We are used to seeing the character portrayed as a woman probably indulged in her younger days by her late father, the General (whose portrait hangs here in the upstage closet of Pamela Howard's striking design), stifled by her marriage to an arid scholarly wimp and keeping her natural passions in check with difficulty.

Gilbreath's Hedda is all cool patrician reserve, ramrod-backed and speaking with a palpably controlled affectation of languor. One "rating into a continuous degeneragets the feeling that her fondness for playing with the General's pistols derives not from tomboyish licence in her childhood but because she grew up in a milieu where handling guns was a natural recreational activity. When she first encourages former lover erandly romantic seems not to be motivated by either heartfelt desires or reckless capriciousness but rather someone who simply cannot conceive of not getting her own way with others. In Stephen Unwin's English At the Donmar Warehouse, Lon-Touring Theatre production, Heddon EC2, until August 31 (0171-867 da's husband has more to him 1150).

than usual. Crispin Letts invests Jorgen Tesman with more backbone than the normal characterisation as a clownish swot. His dedication to his aunts (Ann Firbank giving a fine, perfectly neutral performance as Aunt Julia) is a matter of familial duty rather than anron-string devotion.

oes of the past. As in 1946, when

Tanglewood gave the American premiere under the youthful

Bernstein, it was sung by stu-

dents, with an orchestra of young

professionals. Tanglewood's rudi-

mentary theatre is much the

same as it was then, and the per-

formance I heard last week cap-

tured the honest spirit that crit-

What other leading orchestra

combines its own festival with an

Tanglewood really is unique.

ics singled out 50 years ago.

All of which said, Unwin's production does not quite spark. Gilbreath's characterisation, although brilliant, leaves faint credibility gaps when she begins to envisage vine leaves in Lovborg's hair and when events overtake her in the final act: the outbreaks of shocked realisation clash with her customary composure rather than integtion.

Jonathan Phillips is a little too self-conscious to be as dashing as Lovborg is required to be, and David Killick as Judge Brack, while skilfully matching Hedda's urbanity throughout, underplays the final movement in which she Ejlert Lovborg to return to his old finds herself entrapped in his rakehell ways and later exhorts silken web. Nevertheless, in the way out of his despair, this Hedda iour and potency of emotion, this version (in a translation by the increasingly ubiquitous Kenneth McLeish) comes out well ahead of

don EC2, until August 31 (0171-867



Cool reserve: Alexandra Gilbreath in 'Hedda Gabler'

#### lbert Lamorisse's poignant, virtually wordless 1956 film about a lonely young boy trailing after a balloon through the Paris streets is one of the great cinematic shorts. The screenplay went through 42 drafts. Anthony Clark and composer Mark Vibrans's musical version is now in its fourth incarnation after stagings in Manchester, Bristol

revival, its creators have readapted the show tailoring it to each space and tapping into ever more inventive theatrical possibilities.

and Birmingham. With each

Messing with masterpieces is a risky business. Turning a film like Les Enfants du

#### Theatre/David Benedict

## A balloon full of wonder

Paradis into a play or crushing the comic genius of Some Like It Hot into a Tommy Steele musical reveals a disbroke, don't fix it" is a more than useful rule of thumb. Yet for all the turkeys, there are a handful of triumphs. My Fair Lady is one; The Red Balloon another.
Instead of building the

illusion by hiding the technology, Clark, who also

the mechanics involved. The helium-filled balloon is rods, in the manner of a stunt-kite. Ironically, this the splendidly stern Mlle heightens the all-important Elaine (Joanna John). sense of wonder and magic.

Designer Ruari Murchison capitalises on the open chasing the balloon up enormous pieces of set, and he

tions. The school is repreguided by a silent, lithe per-former (Malcolm Shields) blackboard with windows regard for laws about form who controls it via lengths sketched in with chalk. And and content. "If it ain't of wire attached to two short the cast is squeezed on to a who controls it via lengths sketched in with chalk. And couple of benches in front of

Clark refuses to shy away from the melancholic mood and his cast eschew the stage, with the children patronising tone which can afflict children's theatre. Excluding giggles of surprise

cat "pooing" on the carpet or laughter at the antics of the balloon "with a life of its own", the very young audience I was with remained rapt and silent throughout

the hour-long first half. With her wide gamine fea-tures and straight hair, actress Nicky Adams's Pascal looks as if she were plucked straight out of 1950s Paris. She invests Pascal with a remarkable openness and simplicity which carries into directs, is at pains to display also comes up with witty and delight at Pascal's stray her clear, pure, singing (0171-928 2252).

voice. Vibrans's evocative music, scored for woodwind, horn, keyboards and percussion is largely responsible for the show's spellbinding mysterious tone.

ment of an imaginary friend. a symbol of innocence, experience or even death, the balloon's significance is never explained, which is the reason for its overwhelming resonance. None of the children could have cared less about its "meaning". The adults? By the heartstopping climax. everyone I could see, myself included, was in tears.

Whether it's the embodi-

At the National Theatre

#### Sponsorship

## Inner-cities gain funds

ago prime minister John Major threw millions of pounds the way of sports training, and last week heritage secretary Virginia Bottomley said it was lottery money that would technologically transform the UK's museums. Yesterday innercity generation, under the loose disguise of arts expenditure, received the magic

touch. given £13.75m to the chronically deprived London borough of Newham to transform its dreary centre at Stratford. Much of the money will go to the Theatre Royal, Stratford East, which gains a new back stage, and rehearsal and office facilities. There will also be a new part of the £18.6m scheme.

nised for its arts culture in the past, Luton, gets £3.5m to create a visual arts gal-lery, dance space, recording studio and more in Bute Street; Kirklees in West Yorkshire can now convert a 19th century Methodist chapel in the town centre into an arts venue, with a £1m grant; while Interchange. one of the great names from the past in alternative arts. has been awarded £4.85m to establish a community based arts centre in the old Hampstead Town Hall.

announced 66 grants yesterday, totalling £41m. Among the main awards were £3.2m to enable the Royal Exchange Theatre in Manchester, badly damaged in the recent IRA bombing, to buy the lease of the theatre, which will be refurbished. and £2.7m for Wavendon, the music centre near Milton

This award will probably

ottery funding seems has laboured long to build

The Arts Council has performing arts centre as Another area not recog-

All told the Arts Council Keynes.

arouse some tabloid fury since Cleo Laine, who with husband John Dankworth

to extend its influence up Wavendon as a leading by the day. Two weeks music education centre, sits on the lottery panel. But the panel would be quite unprofessional if it did not include movers and shakers in the would suffer if such activists were not planning to expand their activities through lottery money.

Among the awards distributed yesterday with great potential was the £80,000 for the LSO to undertake a feasibility study to convert St Luke's Church, close to its Barbican headquarters, into an education centre. The planned multi-million pounds scheme will enable the LSO to take education projects into schools throughout the UK. The church will also provide recording and rehearsal facilities.

The ability of lottery money to go straight into least into the pockets of artists, was illustrated in a raft of commissions. The South Bank Employer's Group receives £850,000 to help improve the look of this part of London with new art; Durham Cathedral can now ask American video artist Bill Viola to create a work. thanks to a £97,000 grant; Andy Goldsworthy gets the go ahead for his plan to create 100 sheepfolds-comesculptures in the north, with a £342,000 grant; and eight artists and designers in Hackney share £141,180 to create art works for Hackney Community College.

The Arts Council is keeping a keen eve on the money it commits. In theory, it has distributed £494m so far to 857 projects. But less than £70m of this has actually been handed over. It pays the bills for work done, not for projects planned.

> Antony Thorncroft

# INTERNATIONAL

#### AMSTERDAM

**EXHIBITION** Stedelijk Museum Tei: 31-20-5732911 Cobra en het Stedelijk: exhibition of paintings and sculptures from the museum's collection by participants of the international art group CoBrA. The approximately 150 works on display span the period from 1948 to 1962. Included in the exhibition are 17 works by Cornelle that were donated to the museum by the artist last year; to Sep 15

#### **BASEL**

**EXHIBITION** Kunstmuseum Başel Tel: 41-61-2710228 Canto d'Arnore. Klassizistische Moderne in Musik und bildender Kunst 1914-1935: exhibition المجمع المتعلق المستعدد المتعدد focusing on classicist modernism in music and visual arts. The display features more than 100 paintings, drawings and sculptures from international museum and private collections.

as well as musical acores from the collection of the Paul Sacher Foundation. The show includes works by Picasso, Matisse, De Chirico, Dali, Bonnard, Maillol and Léger; to Aug 11

#### ■ BREGENZ

CONCERT Bregenzer Festspiele - Festspiel und Kongresshaus Tel: 43-5574-4920 Nacht by Haas. Concert performance by the Klangforum Wien with conductor Peter Rundel. Soloists include soprano Julie Moffat, mezzo-soprano Waltraud Mucher and tenor Helmut Wildhaber. Part of the Bregenzer Festspiele; 8pm; Aug

#### **BRUSSELS** EXHIBITION

Palais des Beaux-Arts Tel: 32-2-5078466 ● L'art en résistance. Peintres allemands de l'entre-deux-guerres: exhibition of works by German artists, created between the wars. The display includes 200 paintings and drawings by artists such as Max Beckmann, Otto Dix and Georges Grosz, giving an overview of German art in this period. The works come from the collection of Marvin and Janet Fishman; to Sep

**■ COPENHAGEN** EXHIBITION

The Royal Cast Collection Tel: 45-33 91 21 26

 Inspiration in Plaster. Antiquity and the Danish Golden Age: in the heydays of the Danish Golden Age (1820-1850), the art of painting played an active role in the shaping of bourgeois values and norms. The new norms included a change in the view of the human body. Nudity and sexuality were made into taboos, while "modesty" and "virtuousness" gained new importance. Nevertheless, the

Royal Academy's collection of plaster casts of Greek and Roman nude statues was an important inspiration for the Golden Age artists. This exhibition focuses on the peculiar circumstance that the quasi-religious idolisation of the naked human body by a remote ancient culture could influence people's attitude to the naked body: to Aug 11

#### **ESSEN** EXHIBITION Museum Folkwang Tei:

49-201-8845314 Pedro Cabrita Reis. Installationen und Zeichnungen: exhibition of works by the Portuguese artist Pedro Cabrita Reis. The display features approximately 15 installations and 20 large scale drawings, that were created in the past five years; to Aug 11

#### LONDON

CONCERT St. Martin-In-the-Fields Church Tel: 44-171-9300089

 London Concert Sinfonia: with conductor John Landor perform works by Vivaldi, Pachelbel, Handel and Mozart; 7.30pm; Aug

#### EXHIBITION British Museum Tel:

44-171-6361555 20th century Chinese Painting: Tradition and Innovation: a retrospective display of paintings using the Chinese media of ink and colour on paper from 1900 to the present day. The display includes more than 130 paintings drawn from collections in Hong Kong, Southeast Asia and North America: to Sep 29 Royal Academy of Arts Tel: 44-171-4397438

 Roger de Grey – Painter: an exhibition of the work of Sir Roger de Grey, President of the Royal Academy, who died in February 1995. The exhibition includes paintings and a selection of drawings; to Sep 22

#### **■ LOS ANGELES**

EXHIBITION Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100 Landmark in Printing Collecting: Masterpieces from the British Museum: the first exhibition of 100 prints selected exclusively from the British Museum's collection to travel to the United States. The show features works spanning the history of western printmaking from rare 15th century German woodcuts to American etchings and lithographs of the 20th

#### century; to Sep 29

JAZZ & BLUES Hollywood Bowl Tel: 1-213-850-2000 American Airlines Jazz at the Bowl: featuring The Manhattan Transfer, The Shirley Horn Trio and The Turtle Island String Quartet; 7.30pm; Aug 7

#### **LOS** ANGELES-MALIBU EXHIBITION

The J. Paul Getty Museum Tel:

1-310-459-7611 Roger Fenton: The Oriental Suite: the first exhibition devoted to the little-known "Orientalist" series by the British photographer Roger Fenton (1819-1869). These 45 images by Fenton and some of his contemporaries in photography and watercolour reveal a fascination with the Islamic world of the Near East, which was seen and portrayed as mysterious, languorous and sensual; to Oct 6

#### ■ NEW YORK

THEATRE John Jay Theatre Tel: 1-212-721-6500 Endgame: by Beckett. Part of The Beckett Festival, which features all 19 of Samuel Beckett's stage works, performed by the Gate Theatre of Dublin; 8pm; Aug 9, 10, 11 (also 4pm)

#### PARIS EXHIBITION

Centre Georges Pompidou Tel: 33-1-44 78 12 33 Gaetano Pesce: a retrospective exhibition devoted

to this artist, featuring furniture, objects and architectual projects; Musée d'Orsay Tel: 33-1 40 49 48 14

Photographies de paysages: exhibition featuring 40 19th century landscape photographs; to Sep 15

#### SALZBURG CONCERT

Internationale Stiftung Mozarteum Tel: 43-662-873154 Nicolai Gedda: accompanied by planist David Lutz. The tenor performs songs by Schubert, Grieg, Dvorák and Rimsky-Korsakov. Part of the Salzburger Festspiele; 7.30pm;

#### ■ VIENNA EXHIBITION Museum für Angewandte Kunst

Aug 9

Tel: 43-1-71136 Light Materials. Textiles from the Biedermeier Period 1800-1850: exhibition featuring Biedermeier textiles from the holdings of the Museum für Angewandte Kunst. Also on display are engravings and drawings of fashion designs; to

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## Victim of a mass odyssey



Mykonos is still the most popular island, thanks to its turquoise sea. distinctive whitewashed

architecture and uninhibited nightlife. But the race back from the beach to watch the sunset from a bar or hotel balcony dispels its image as a place for lotus-eating.

At 7pm on a summer even ing, the rush hour outside Mykonos town would be familiar to any city-dweller. The streets are jammed with shiny four-wheel drive vehicles and motorcycles, jostling their way past a fleet of elderly buses discoreing bolidaymakers after a day of sunbathing.

Each year, the island's 7,000 residents are hosts to some 800,000 visitors; on most days in July and August more than 40 000 people are crammed into hotels and rented rooms. Several thousand additional tourists land daily from cruise ships. Most visitors are foreigners, but many Athenians also come to enjoy what they claim is Greece's only sophisticated

"We have a short tourist season," says Mr Andreas Fiorentinos, deputy mayor. So everyone working here has to make their yearly income in the space of about four months.

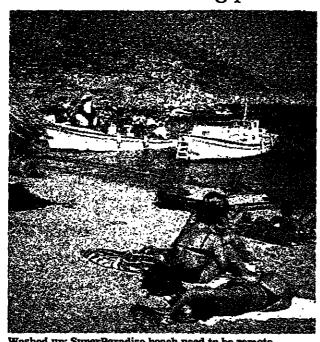
But the influx brings the island's slender resources close to breaking point.

Power blackouts are frequent and the island suffers from a water shortage, with some hotels relying on supplies delivered by a tanker truck. Despite round-the-clock efforts to keep the town free of rubbish, many whitewashed alleys are grimy and littered with discarded beer cans.

"The season can't be extended even by a few weeks until we get the proper infrastructure," says Mr Fiorentinos. "What there is dates mainly from the 1950s.

The town council has ment with the help of crowded and character- made the islanders wealthy:

**Kerin Hope** on the divisions over developing Mykonos, an island at breaking point



Washed up: SuperParadise beach used to be remote

Dr9.5bn (£26m) in grants from the European Union. The EU provided money for two projects already completed: a digital telephone network and a sewage plant. one of only a handful of treatment facilities on Aegean islands.

However, some year-round residents and visitors who discovered Mykonos as a jetsetters' haunt 25 years ago have objected. They argue that not only will the projects - including improved port and airport facilities and new roads - bring a substantial rise in visitors, they will make Mykonos indistinguisbable from other Mediterranean resorts.

Mr Vangelis Pelekis, a teacher campaigning against the council's plans, says: "The things that make Mykonos special are already being eroded. Even the nudist beaches have umbrellas and loungers and there are more fast-food joints than tavernas. The new plans are on such a big scale pledged to make Mykonos a that if they go ahead, this model of tourist develop- island will become as

less as the Spanish Costas." Mykonos once claimed a place in modern mythology as the island where Aristotle Onassis courted Jackie Kennedy, Yehudi Menuhin played the violin to friends on the terrace of his villa and several members of the Rolling Stones joined the nudists on a remote beach

known as SuperParadise. Mr Don Morgan, a New Yorker and regular visitor since his backpacking days in the 1970s, says: "The celebrities moved out as the package tourists moved in and made the place tawdry. There's still enough of the old Mykonos to keep you coming back, but I can't say for how much longer."

The airport runway has already been extended to take scheduled flights from European cities and a new terminal is planned. A second port - deep enough for cruise ships to dock - is under construction. It will be linked with a group of beach hotels by a new road bypassing the town centre. Tourism has certainly

they claim to have the highest per capita income in Greece. Mykonos's annual foreign exchange earnings from tourism are estimated at about \$800m. The average income on Mykonos is estimated at more than \$50,000 a year compared with just over \$10,000 for Greece as a whole. Moreover, tighter building restrictions than elsewhere in the Aegean have pushed up property prices to levels comparable with Mayfair or Manhattan. And in spite of high land prices, a building boom is under way, with new houses going up all over Mykonos. Most are financed out of income from Greece's flourishing underground economy, the islanders say. For a Greek doctor or lawyer. having a home there is indis-

putable proof of success. The town council claims that better infrastructure is crucial if Mykonos is to keep its share of Greece's tourism market at a time when the number of visitors to the country is falling and tourists are complaining about inefficient airports and poor environmental controls. But the islanders remain

divided over how much development Mykonos needs or can endure. The sharpest arguments concern a plan for a 200-berth marina costing Drl.9bn. Because demand for yacht berths in the eastern Mediterranean far outstrips supply. Greece's tourism authorities are encouraging private investors to build large marinas. But construction of a marina on Mykonos has been postponed because so many residents objected to the proposed site, a sheltered cove close to the town with a spectacular view neighbouring islands.

Mr Nicos Palaiologos, Mykonian who spends six months a year on the island, sums up the dissidents' view: "It comes down to a question of greed. We're threatened with the destruction of a uniquely beautiful piece of Aegean landscape so that the Mykonians can go on making more money.

This is the second in a series on places changed by mass

## ·LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from residers around the world. Letters may be fasted to +44 171-873 5938 (pieces set fast to fine), e.mail: letters.editor@fa.com Published letters are also available on the FT web site, http://www.FT.com

Translation may be available for letters written in the round intermediateless.

#### Cultural questions are begged by trends in US education

From Mr Robert Oakeshott. Str. The evidence about comparative graduation results cited from Sol Stern's The Invisible Miracle of Catholic Schools by Michael Prowse ("Liberating schools", July 29) is truly stroning. It surely calls out for the widest circulation and systematic further research. We need to know how far the relative numbers in New York City - the 95 enting may be expected to per cent graduation rate in

sector schools – are typical of those elsewhere in the US or reflect conditions more or less specific to Manhattan. We also need to incuire what part of the difference

the Catholic schools versus

the 25 per cent in the public

may be attributed to differences in what goes on in classrooms - including differences between teachers and what part to factors outside the school gates, above all to the quality of home life and of parental attention. According to a crude rule of thumb that has received some currency in recent years, if genetic inheritance is held constant, then par-

account on average for 80 per cent of any difference in school scores with the balance being dependent on inschool factors.

I simply don't know the empirical basis of that rule of thumb. Very likely the

two percentage numbers could be successfully challenged. But we can surely accept the enormous importance of the quality of parenting and the home environment. The latter will surely have a different effect on the young depending on whether its culture is dominated by the Murdoch tubloids or the literature of the western Christian tradition. You don't have to be a paid up member of the Lord's Day

Observance Society to accept

the likelihood of that.

Robert Oakeshott, Job Ownership, Abford House. London SW1V 1LT, UK

## Risk of firearms errors being repeated

From Mr David T. Frost. Sir. Calling for a han on handguns and further controls on shotguns prior to the report of Lord Cullen's inquiry risks the same errors as occurred after Hungerford ("Ban handguns", August 1). Then there was no inquiry and in consequence the legislation passed in 1988 was both inappropriate and inef-

Furthermore, implementation of the legislation by the police has shown significant

shortcomings. In 1993 the report into the administration of firearms licensing by HM Inspector of Constabulary said some procedures "border on the discriminatory" and that the service being provided "varied between excellent and very inefficient". The evidence given to Lord Cullen suggests there were major short comines in central Scotland

police procedures and that the Dumblane killer. Thomas

Hamilton, was unfit to own

firearms. A centralised and civilianised Firearms Licensing Authority would do much to improve matters. Firearms legislation in the UK is already much stricter

than in most other democracies and with minor changes and proper application should be adequate to the

David T. Frost. 4 Cherrycroft Drive, Naphill.

#### Untenable position for manipulators

From Mr Christopher Gilbert. Sir, Nymex President Patrick Thompson (Letters, July 30), raises important issues in relation to the regulatory regime under which the London Metal Exchange operates. He complains about the LME's clearing system, but, because of the peculiar features of that system, the LME is the most heavily regulated of the London futures markets.

So it is difficult to argue that the LME is underregulated without implying a need for additional regulation throughout London.

A widely recognised problem is that cash market transactions on recognised futures exchanges remain unregulated. It is now clear that Mr Yasuo Hamanaka's copper trades were not the actions of an uncontrolled rogue trader but a deliberate authorities could impose in and sustained market London is position reporting. College (University of London),

manipulation. Since a manipulator oper-exchange, the regulators and London E1 4NS, UK

ates on both the cash and futures markets, it is important to extend regulation to cash market transactions. More generally, the 1986 Financial Services Act. which was preoccupied by investor protection issues, failed explicitly to anticipate futures manipulation. As a consequence, regulation in the UK gives this a considerably lower priority than in the US. It is not even clear that futures manipulation is

However, individuals, often outside either UK or US jurisdiction, will always be tempted to manipulate prices to their advantage, and the issue is thus how exchanges may be assisted in their obligation to avoid false prices.

illegal in London.

The most important change that the regulatory Reporting alerts the

build-up of positions which have manipulatory potential. Publication of aggregated position reports allows journalists to comment directly on facts rather than circumspectly on rumours. Lack of reporting gives London an apparent competitive advantage over US markets, but only at the cost of manipulations which undermine this advantage.

The need for reporting should have been learnt after the 1985 tin collapse. The Securities and Investments Board should take this opportunity to make this a requirement of recognised futures exchanges.

Christopher Gilbert professor of applied econometrics. Queen Mary and Westfield Mile End Road

#### Vote carries obligation

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From Mr Martin Young. Sir, Elections are due to take place in Bosnia this coming September. All Bosnians aged 18 or over, and who are listed in the 1991

ensus, are eligible to vote. Many Bosnians have flod their homeland and now live safely in the west. Many have lost everything in Bosnia and have begun to make new lives in Britain and else-

Those Bosnians who believe they can never return home, or who simuly do not wish to return to a war-devestated country. must not vote in the forth-

coming Bosnian elections. The agreement on elections in the Dayton Agreement states that "the exercise of a refugee's right to vote shall be interpreted as confirmation of his or her intention to return to Bosnia and Hercegovina" (Article

Bosnian asylum seekers who vote in Bosnian elections can expect a quick return flight to Sarajevo.

Martin Young. London W4 5SF. UK

#### ignorance

From Mr Gregor Ritchie.
Sir, I am grateful for the illumination provided by Iain Smith (Letters. July 31). As a rugby fan and also an Englishman, I am sware of the sometimes embarrassing high-handedness of the Rugby Football Union administrators. I am also aware that some people are arrogant, and others are not. What in my ignorance I

had not yet learned was that not only are the "English" (in which nation I must include myself) arrogant, but also ignorant of the fact. Years ago I played at a modest club level with Scots against Scots and once for a Scots side, but none of them ever proffered such illumina-

I will add this to my Book of Certain Knowledge to join such items as: the French are suave and eat garlic, Germans are always first at the pool-side, Scots have red hair and kilts, and the Welsh are born singing.

Gregor Ritchie, Dr Crouch's Road, Eastcombe, Glos., UK

#### Judy Dempsey on German anger at Britain and Brussels

Mr Heinz Deselaer has had a miserable six months. The 57-year-old beef farmer from Geldern, in Germany's Rhineland, was all set to reap the benefits of a new cattle shed. He had intended to increase his herd and was expecting his beef sales, which amounted to DM1.2m in 1995, to rise sharply this "But then came the BSE

crisis," says Mr Deselaer, who has 350 bullocks on his 50-hectare farm. "It has been catastrophic. Prices have fallen from about DM6 a kilogram to DM4.80 (£2,10). And there are few signs of consumer confidence picking

Consumer confidence suffered a further blow yesterday when the German government said it would ask the European Commission's scientific veterinary commit-tee to "review" its measures for combating bovine sponglform encephalopathy (BSE), or mad cow disease. This followed the report by British which showed that BSE can be transmitted from cows to

Since the EU ban on British beef exports was imposed in March - when Britain announced there was a probable link between BSE and Creutzfeldt-Jakob Disease, the fatal human brain condition - German beef sales have fallen about one third compared with last year. And according to Germany's farmers' federation, beef farmers are receiving between DM200 and DM300 less for each animal sent to slaughter.

This sudden decline occurred in spite of the fact that Germany was one of the smallest EU importers of UK beef before the ban. Last year it imported a mere 200 tonnes worth £600,000, out of total UK exports to the EU of 191,000 tonnes worth £457m. Increased prosperity and the rise of environmental

The bitter legacy of BSE

health hazards, and they are Länder, or states, have obduamong the most cautious Europeans when it comes to the safety of the food they

"We just don't see any marked improvement in con-sumer confidence," says Mr Jochen Borchert, Germany's agricultural minister. "Although the fall in consumption has halted, it may start again following the British scientists' report on cows passing on the disease to their calves."

The German government had already embarked on a big poster advertising campaign at supermarkets - and even at the little Imbiss takeaway stands - to convince consumers it was safe to eat beef. Last week, in response to the most recent fears of contamination spreading to calves, Mr Borchert said Germany beef was completely "BSE-free". He said: "There

is nothing to fear." But the German federal government faces an uphill task in its campaign. It is not only the ordinary consumer who is wary of eating The German

farmers' view is that consumer confidence will never pick up if there is the slightest risk to the public's health

rately refused to accept that any beef, domestic or imported, is safe to consume.

The Lander believe that neither London nor Brussels have done nearly enough to reassure consumers. Heading the criticism is the state of North-Rhine Westphalia, governed by a coalition of the opposition Social Democratic Party and the Greens. Yesterday, Ms Barbel Höhn, its environment and agriculture minister, said the EU should never have agreed to a partial lifting of the export ban on British beef products. "I think it was a mistake by the EU to respond to Britain's blockade policy [the UK's earlier policy of obstructing EU business] by relaxing its export ban, for example in regard to bull semen," Ms Höhn told Ger-

man radio The EU agreed in June that a ban on exports of British beef and beef products would be lifted progressively as Britain started implementing a series of measures, including the slaughter of cattle thought to be most at risk of catching the

"If the disease can be transmitted from generation to generation then semen is suspect again. We should seriously consider if we should not restore the stricter import ban that used to apply, or whether we should not extend it to milk products," added Ms Höhn, Ms Höhn's criticism of Brussels is echoed by the other states, as well as Ger- Borchert. He realises that many's regional farmers' associations. Mr Gerd Sonnenleitner, president of the

that the EU had "misled and covered up" about BSE. He added that his members would lose DM600m this year in sales. That same day, farmers from the north German state of Schleswig-Holstein burned the Union Flag in protest against the EU's plans to ease the worldwide barr on British beef exports. The farmers' view is that consumer confidence will never pick up if there is the slightest risk to the pub-

lic's health. This opposition from the Länder and the farmers' associations has created a dilemma for the German government. It will find it difficult to implement the Brussels ruling to ease the ban on some British beef exports because the Lander can block these measures through the Bundesrat, the upper house of the German parliament where the opposition Social Democrats are in the majority.

Government officials also fear that even if other EU states support Germany's call for a scientific review of measures taken so far by Brussels to combat BSE. Britain will revert to its policy of obstructionism. "The last thing we want is London blocking important decisions in the coming months," one senior government official

This leaves the German government with few options. It could, as German formers are demanding. agree on compensation for beef farmers that could mute their opposition to Bonn and Brussels

But as Mr Borchert himself admitted yesterday, compensation itself is not a recipe for restoring consumer confidence. "Trust is the key thing," said Mr wooing back the healthconscious German shopper to beefsteaks will take more Bavarian farmers' federa- than a scientific review in tion, spoke for many farmers Brussels.

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#### **COMMENT & ANALYSIS**

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Tuesday August 6 1996

## Doleful plan for US taxes

Years ago, the then Senator Bob to match the vague promise of Dole used to joke about a bus medium-term cuts in public full of supply-siders driving spending, contained in the over a cliff. That's the good news, he would say - the bad news is that there were two

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Ignorance

These days you would be for-given for thinking that one of the empty seats belonged to Mr Dole himself. The economic plan he unveiled yesterday, trumpeted as a programme for revitalising the US economy, is less ambitious than the disastrous supply-side experiments of the 1980s.

Yet by endorsing the same logic - that one should "reduce taxes first, ask questions later" the Republican presidential candidate has further dented his reputation for fiscal probity in the interests of reviving his campaign. He may yet come to wonder whether it was worth

Mr Dole promised a package of tax cuts costing \$548bn over six years. There is something for everyone in the plan, including a phased, 15 per cent across-the-board cut in marginal personal tax rates, a halving of the capital gains tax, and the much-touted \$500-per-child "family" tax credit. But he gave only a very rough idea of how these cuts could be made consistent with a pledge to balance tune and commanding lead in the federal budget by the polls, Mr Clinton has been

The costing of the programme economic growth and reduced tax evasion will between them net an extra \$147bn in revenues over the period. Second, that spending, contained in the recent budget resolution. Third, that all this can be achieved without touching social security, Medicare and defence, which, together with interest payments, make up two-thirds

of federal spending.
In Mr Dole's defence it should be said that his assumptions are no rosier than many of past campaigns, by both parties. President Bill Clinton has himself promised both a balanced budget and sizeable tax cuts, including the child tax credit which Mr Dole has now

Mr Dole's cuts are larger, and will be much more regressive in their effects than Mr Clinton's because they include a capital gains tax cut and they award the same percentage cut in marginal rates to all taxpayers.

But both plans contain the same fiction, that the federal budget can be effectively overhauled - whether for "Republican" or "Democrat" reasons without long-term reform of social security or Medicare. For his part Mr Dole is even promising to repeal Mr Clinton's very modest attempt at social security reform in his 1993 budget.

For all his economic good forstrikingly reluctant to challenge the standard US political orthorests on three very shaky doxies during the campaign. It assumptions. First, that faster is perhaps not surprising that Mr Dole, lagging far behind in the polls, should be equally timid But, come November, it may be hard for voters to see President Dole and his fellow why they should favour the wis-Republicans in Congress can dom of age and experience over come up with detailed proposals the hotheadedness of youth.

## Famine of digits

Telephone numbers sounded ond time, may justifiably ask like old friends in the days why most of the important when detectives at country changes were not made in one ouse murders would sav: "Operator, get me Fambridge 2323". But country exchanges have long since been swallowed up in a blizzard of digits.

Digits proliferated as automatic exchanges and computers drove down costs, creating an explosion of demand for more telephones, more services and now for mobile phones.

As a result the UK is running orderly system in which differout of telephone numbers. To remedy this, all UK numbers were changed on "Phone Day" in 1995 by the addition of an extra digit. Little more than a allow London to be re-united year later, Oftel, the telecommu- under an 02 code after the divinications regulator, is proposing sion six years ago into inner another complete set of number changes to exploit this digit.

Customers, who will be

British Telecom was privatised, the government wrongly left it with the responsibility to allocate numbers. Only in 1994 did Oftel rescue the arcane science of numbering from specialist engineers and subject it to the tests of consumer interests.

its proposals, published yes-

terday, promise a much more ent kinds of service will be readily identifiable and dialling codes can apply to much wider areas. This will, for example, (071) and outer (081) parts. This was unpopular at the time. Now it appears unnecessary. Better required to change their lists, planning could have saved the databases and stationary a sec- consumer such grief.

## Bosnia's test

As prospects for peace between Croats and Moslems in Mostar hang in the balance, much more is at stake than the future of one battered Balkan town. The behaviour of Mostar's hard-line Croat nationalists, who have baulked at accepting the result of municipal elections which gave their Moslem adversaries a majority, is a deadly threat to the reconciliation process in Bosnia as a whole. If they are allowed to consolidate their control of the city's western half, all participants in next month's Bosnia-wide election will be encouraged to think they can ignore results that do not suit

Mostar is also a test case for the external policies of the European Union. The oversight of the city's administration and policing has since 1994 been much the most ambitious task undertaken by the EU's embryonic common foreign and security policy. But the city's fate should not now be seen as a matter of shoring up EU prestige; still less should it become an object of US-European rivalry. On the contrary: a erful lever is probably ecorenewed Croat-Moslem conflict in Mostar can be staved off only if the US and its European allies co-operate energetically and in

The US has been more engaged than any of its allies in providing strategic and military advice to both Bosnia and Croa-

This gives it considerable transactions – such as a thriv-leverage over Croat-Moslem ing Serb-Croat trade in fuel – relations. In particular, it must lean hard on Croatia's President Franjo Tudjman, whose high-handed behaviour has often met a lenient response in

Washington.

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The reasons for pessimism about Mostar apply equally to Bosnia as a whole. While liberal westerners might like to believe otherwise, ethnically-based par ties dominate all three of Bosma's communities. Even among the Bosnian Moslems, a party which makes no secret of putting Moslem interests first has crowded out forces favouring inter-ethnic reconciliation.

This pre-eminence of ethnic parties cannot be reversed, but it can perhaps be mitigated. The international community should do everything it can to maximise the chances of Bosnia's struggling non-nationalist parties to win a substantial minority of votes in the election. The team headed by Mr Carl Bildt, the international mediator, has been working to open Bosnia's air waves to moderates on all sides. This effort needs moral and financial support from every western government.

Then the outside world must prepare for tough negotiations with the nationalist parties that will undoubtedly come out best on September 14. The most pownomic; the west can and should insist that its credits and reconstruction aid will be chanelled through the pan-Bosnian institutions that are supposed to be formed after the elections. The election victors will not like working together, but even in the bitterest moments of the war, some peculiar economic

continued in secret. In Mostar and Bosnia as a whole, that spirit of cynicism can perhaps be harnessed to the cause of peace. Indeed that may be the west's only hope.

## Hot new product goes cold

The consumer electronics industry needs a boost from digital video discs but the launch has been dogged by disputes, says Alice Rawsthorn

aunches of new consumer electronics DVD: a script for the future products are often Market forecasts problematic: the video recorder's debut triggered a war over rival technologies; and sales of highly publicised innovations such as digital audio tape and digital compact cassettes have been disappoint-

Digital video disc (DVD) was supposed to be different. Claiming to have learnt from their mistakes, the world's consumer elec-tronics companies were determined to orchestrate a smooth launch for the discs, which look like audio CDs but can be used for storing data or playing films and music.

Yet only a few weeks before the scheduled debut of the first DVD entertainment systems in September, the plans for DVD are in tatters. The electronics industry is still struggling to clinch an agreement on copyright protec-tion with the film and computing sectors. Last week Sony and Philips clashed openly with rival manufacturers over the licensing arrangements for the new tech-

"It's a mess," admits one senior electronics executive. "There's no point in us bringing out hardware, unless there's software for consumers to buy, but we don't know when that'll happen. And if ever there was a time when the industry needed a hot new product - it's now."

The final point is indisputable. Consumer electronics has historically been a cyclical industry and is now in a sluggish phase. Sales of the video recorders and audio CDs that drove its growth in the 1980s have reached maturity. Manufacturers have diversified into computer components, such as CD-Rom drives and PC screens, and developed some successful new products, notably widescreen televisions and digital

Despite these innovations, personal computers and video games have taken a progressively higher share of household expenditure. And the companies that have dominated consumer electronics since the 1950s - Matsushita, Sony and Toshiba of Japan, France's Thomson and Philips of the Netherlands - face fierce competition from new rivals in emerging Asian economies. and LG of South Korea, are driving down prices worldwide and making it difficult for established manufacturers to move into fastgrowing south-east Asian mar-

Mr Yoshiharu Izumi, electronics analyst at UBS Securities in Tokyo, says the industry badly needs "a successful new product" to unlock the vicious cycle of "competing for market share solely on price". Digital video disc promises to be such a product, and electronics manufacturers invested heavily in its develcoment during the early 1990s.

One version of the disc will be used in DVD entertainment systems, which will work like highly conhisticated VCRs with superior sound, picture quality and facilities such as foreign language soundtracks. The electronics industry hopes these systems will have the same catalytic effect on the video market as audio CD did on hi-fi equipment

sales in the 1980s.

The second version of the disc is DVD-Rom, which harnesses its

98 99 2000 Unit price (Ven 100) Unit price (Yan 1000) Unit price (Yen '000)

ted to create a lucrative source of still pushed back DVD's debut by sales but should also help electronics manufacturers forge a closer rapport with the dynamic computing sector, as Sony has done with its highly successful PlayStation video game system.

However, the high hopes for DVD were jarred by an embarrassing row last summer when Sony and Philips clashed with the rest of the industry over technical specifications. At stake was corporate pride and the royalties payable to the owners of the natented technology. Sony and Philips are believed jointly to earn \$500m (£322.6m) a year from audio CD patents.

This time they were forced to back down and accept a discdominated by Toshiba technology as the industry standard, rather battle when Sony fought unsuccessfully to establish Betamax as memory capacity for data stor- the standard against Matsush-

three months to September this

The delay was inconvenient, as electronics companies prefer to introduce new products before the final quarter of the year, by far the busiest period, accounting for 40 per cent of retail sales. However, they still had enough time to get DVD into the shops before Christmas, Toshiba, Matsushita and Thomson pressed ahead with plans to launch the first DVD entertainment systems in September, with DVD-Rom scheduled to emerge early next year. Other companies, including Sony and Philips, planned their

launches a few months later. Despite the delay, the sales forecasts for DVD remained optimistic. BZW Securities in Tokyo than risk a repetition of the VCR predicted hardware and software sales of Y155bn (£94.5m) this year, rising to Y2,025bn by 2000. when 30,000 DVD-Rom units and

age. DVD-Rom is not only expec- ita's VHS system. But the row 20,000 DVD entertainment systems would be sold. But the electronics industry

had yet to finalise negotiations with the US movie studios over copyright protection. The early signals were encouraging, not least because Hollywood was convinced that DVD was so superior to video cassettes that consumers would be tempted to buy favourite films on the new discs, rather than renting them on video. Hence the studios could replace their low margin video rental business with a profitable new software market.

But Hollywood also had serious concerns, specifically about the advanced DVD entertainment systems due to go on sale in 1998 with a recording facility. This raised the threat of pirates running off thousands of near-perfect digital copies of television broadcasts and illegally procured films. The studios were determined to take a tough stance and by March this year the electronics industry, still anxious to meet its September release schedule, had agreed to various concessions, notably that different formats of the disc should be sold in various

The electronics and entertainment camps then ran into vehement opposition from the com-puter industry, which was simultaneously negotiating over DVD-Rom. If these computer discs are to be successful, they will need a flexible copying facil-ity, something that Hollywood is unwilling to sanction for fear that it could be abused by film

The three camps have been locked in negotiations for months, but have so far failed to resolve the conflicting requirements of DVD and DVD-Rom. The electronics industry unveiled another compromise proposal late last month and is awaiting a

Matsushita, Thomson and Toshiba still hope to introduce DVD entertainment systems before the end of the year, although they accept that a September debut is now impossible. In theory they could introduce DVD without a copyright agreement on a limited range of software, but a "breakaway" launch might anger other manufacturers and imperil DVD's long-term prospects. "The success of the product would be more at risk if the three industries do not take the time to thoroughly resolve their differences," warns Mr

he electronics indus-try's preferred scenario is that it secures the agreement of the entertainment and computing factions and proceeds towards an orderly launch. The chances of this were not improved by last week's news that Sony and Philips were breaking ranks by licensing their patents independently. This has infuriated the rest of the industry, which favours a collective licensing process.

Assuming that a compromise can be agreed on copyright pro-tection, it should be possible to ship DVD hardware into stores fairly swiftly. Most manufacturers are already geared up to start production. But it may take longer for the Hollywood studios to deliver the software, as they are less well-prepared.

If the copyright discussions drag on much longer, it may prove impossible to introduce DVD before Christmas, Manufacturers would face a difficult choice between launching in the less buoyant spring period, or delaying DVD's debut for another year to bit the final quarter of

1997. There are no other new electronics products in the pipeline with such strong sales potential as DVD entertainment systems. And a lengthy delay could damage the DVD-Rom's prospects. A consortium led by Japan's Fujitsu (including Sony and Philips) is now finalising plans to introduce a more expensive computer disc with twice as much

memory capacity late next year. To make matters worse, when the electronics companies have resolved the DVD copyright problem, they will face another battle over the same issue once they start talks with the music industry over the launch of the audio version of digital disc.

## OBSERVER

#### Duff notes at the opera

The best symphony orchestra. in the world? Possibly. But the Vienna Philhermonic wins no prizes on the political correctness score. For 150 years, the Vienna Phil has refused to allow women into its ranks. It shows no sign of slacking. Last week, Rudolf Scholten, the Austrian minister for transportation and the arts. threatened to cancel the orchestra's public subsidies if it did not open up to female

musicians.
The orchestra immediately bit back in anger against the "blackmailing". If the state forced them to take in women, the artistic standards of the orchestra, nay Austria's cultural integrity, would be under threat.

So what exactly have they got against the distaff side? Well, women on tour would distract the men and would cause friction, they claim, Male. musicians would feel obliged to carry heavy instruments for their female colleagues, for

The orchestre is registered as a private club, so the government's powers are ilmited to withdrawal of the annual. state subsidy of Sch2.5m. received for playing every night at the State Opera in Vienna.

The orchestra hardly depends on the subsidy anyway. A decade ago, the Berlin Philharmonic fought a similar battle, and was ultimately forcedto accept women by its chief conductor, Herbert von Karajan, who almost resigned over the

Karatan is long dead - and the stubbornly independent Vienna Philharmonic has not been prepared to submit to a chief conductor for decades.

#### Quick cuts

■ The mood in Moscow grows more surreal by the day as Boris Yeltsin's inauguration approaches. The Kremiin fixers are now planning to cut Friday's historic ceremony from one hour to 30 minutes - presumably to save Yeltsin from excessive The inauguration had

promised to be a good bash. After all, it will be the first time tn Russia's history as a sovereign nation that an elected leader will be sworn into office. Special anthems had been composed for the occasion and there were certain to be more

than a few tots of chilled vodka. However, Yeltsin has not been seen by the general public since being re-elected on July 3. The rumour-mill continues to work overtime, while Yeltsin's aides try to make out that he is simply suffering from "colossal" tiredness". He is still in fine intellectual form, they attest. At the same time, even the most pessimistic observers believe the inauguration is bound to go ahead. As cynical Russian journalists are fond of remarking in private, if not in

print, there is nothing in the constitution to stop a dead man from becoming president.

#### Off colour One foiled, at least. The

British Home Office announced yesterday that due to the extraordinary powers of perception of its prison officers. an armed robber's attempt to escape from Parkhurst prison on the Isle of Wight bad been thwarted.

It seems the inmate, serving a six-year sentence, spent two days colouring his body with a fluorescent yellow felt pen to make his warders think he had isundice. He hoped that, once transfered to a hospital bed, he would find it easier to scurry down the corridor to freedom

The plan failed at its most vulnerable point – when a prison officer looked into his cell and saw the inmate colouring his face. "He had carefully painted all his body - even his private parts," one warder said. He had made such a good job of it. He was a very bright yellow

indeed. He would probably have died from jaundice if he was suffering an attack so severe that it turned his skin that colour."

#### Sock it to 'em

■ Lufthansa, the German airline which lost height a bit in terms of its first-half earnings, is working its socks off to reduce costs. But, in the course of its drive to cut DM190m from the 1996 outlay, it is trying its hardest not to tread on toes. One area coming under the

spotlight is the the greyish-brownish towelling "tube sock" - that device handed out in pairs to first and business class passengers that dispenses with both toe and heel in the name of mid-air comfort. Lufthansa has decided that its

socks are "over-specified" - and that it can shave DM800,000 from the DM2m annual sock spend by reducing the 13 pages of instructions currently forwarded to the manufacturer to ensure the tube is correctly fashioned.

Not that customers will be expected to suffer the confines of their Gucci loafers for the duration of the journey. They will just be offered a rather less complexly crafted affair, which the airline insists will be equally kind on the toes. A thought occurs. That Wurst

stuff - a mite overspecified?

## Ginancial Times

#### 100 years ago Business Education

Switzerland, not content with being the "playground of Europe," seems to be devoting a good deal of money and attention to the education of its youths in sound commercial principles. Schools and societies are subsidised on certain conditions by the State, and purses are granted to poor and deserving scholars to enable them to continue their studies either at home or abroad. The students who go to other countries, we learn. are encouraged to enter banks or other houses of business. and, at the same time, to attend classes at the universities of such countries and they are bound to furnish a half-yearly report of their

#### 50 years ago **United States Prospect**

The new American Price Control Bill appears to have satisfied nobody. It has not removed labour's fears of undue restriction in profit margins. On balance, it possibly finds a little more favour with industry than with labour because it is more flexible and will yield more readily to the powerful forces making for higher prices. President Truman, however, fears that it will yield too easily to these forces and has threatened to recall Congress.

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Tuesday August 6 1996

KYOCERA, world leader as highwheels may

## Croats refuse to move on Mostar

night on the brink of abandoning its two-year mission to reunify the town of Mostar after Croats refused to accept the results of city elections which they lost to their Bosnian Moslem rivals.

European mediators let a deadline of 5pm GMT yesterday pass without announcement after having extended an earlier deadline of midnight on Saturday as they scrambled to put together a compromise.

Mr Carl Bildt, the international mediator, said that the EU should not make any concessions on Mostar. "We are not in the deadline extension business," he said. "It is a matter of principle and we cannot give in. This will not be with-

**Dole plans** 

\$548bn in

tax cuts

Continued from Page 1

#### EU on brink of abandoning The European Union was last effort to reunify Bosnian town

Mr Franjo Tudjman, the Croatian president, and extremists in Mostar have rejected international pressure to join the city council after Moslems won a narrow victory in June elections. The Croats on Sunday submitted a compromise proposal, but it was not accepted by Moslem officials.

Both the EU and the US yesterday made plain their frustration with Croat intransigence. Mr Costas Verros, an EU spokesman, said: "The whole situation in Mostar influences the situation in Bosnia . . . we regret the attitude of the Bosnian Croats."

The Croat boycott of the city council casts a pall over a

Mostar, which until 1994 was the scene of the most bitter fighting in the 10-month Croat war against the Moslems. The Mostar stalemate has

weakened the Moslem-Croat Federation which, according to the Dayton plan, covers 51 per cent of Bosnia, leaving the rest to the Bosnian Serbs.

"The federation is going backwards - with local tension building in a very worrying way. There has been no progress whatsoever in creating joint governing institutions."
Mr Bildt said.

The stand-off would spell doom for the final phase of the Dayton accords after the September elections, when the parties are due to build joint governing institutions with the Bosnian Serbs.

Editorial Comment, Page 11

## Malaysia warns of import controls to tackle deficit

Bosnia-wide poll set for Sep-

tember 14. Mr Bildt stressed

that any EU concessions to the

Croats "would be an open invi-

tation to each party and every-one to renegotiate elections or

refuse to implement the

results". He made clear that he would take a dim view of an

EU climbdown, saying with-

drawal from Mostar would be

preferable to accepting the

Croat boycott. Negotiations

were yesterday under way for

the International Police Task

Force (IPTF), created by the

UN under the Dayton peace

another defeat for efforts to

unify Croats and Moslems in

A withdrawal would mean

plan, to take over in Mostar.

ment to the US constitution to ensure that future administrations would be forced to eliminate the deficit. Even before he spoke, White

House officials condemned the proposals, drawing unflattering parallels with former President Ronald Reagan's tax plans in the 1980 election campaign. "Why should we try something that we tried in the early '80s that basically quadrupled the national debt?" House chief of staff.

Opinion polls show that cut-ting the federal deficit is a high priority for many American voters, who regularly voice concern at the burden of debt on future generations.

But polls also show that most voters are sceptical of politicians' promises - especially when they involve tax cuts. The Dole campaign debated until the very last moment how to overcome this cynicism, whether by announcing the repeal of the 1990 and 1993 tax increases or an across-the-board cut. Aides said yesterday a 15 per cent cut would yield the same tax rates as repealing those rises, but might be easier to sell

By James Kynge in Kuala Lumpur

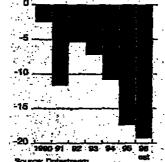
The Malaysian government warned vesterday that import controls might be imposed if a tary restraint scheme failed to cut the country's current account deficit.

Dr Mahathir Mohamad, prime minister, said yesterday quotas and import permits might be introduced to curb imports of non-essential goods. Increasing customs duties would be a better way of reducing imports than raising domestic interest rates, he said, because domestic rate rises could damp investment.

The Malaysian leader's

warning comes as several east Asian countries, including Thailand and South Korea, are experiencing a slowdown in export growth rate this year after enjoying rapid expansion. He did not indicate when such controls might be implemented, nor did he make clear which "non-essential" goods might be subject to import controls. Observers said expensive cars, clothes and alcohol would be the most likely candidates

Dr Mahathir's statement



including Ms Rafidah Aziz, minister for international trade and industry, that controls would not be imposed on imports. Observers said Dr Mahathir's apparent change of heart reflected concern within the government over the current account deficit.

Last year, Malaysia's current account deficit touched M\$17.8bn (\$7.1bn), which one of the country's top thinktanks last week forecast would rise to M\$19.2bn this year. The main reason for the

worsening trend was a recent decline in exports, triggered mainly by a slowdown in contradicted previous assurglobal demand for electronics the blackon
ances from Malaysian officials, goods. But while export announced.

Malaysia's deficit in the services component of the current account is likely to continue to

The current account deficit, which last year accounted for 8.8 per cent of gross national product, tends to apply downward pressure to the value of the ringgit. It indicates the country may be spending beyond its means and could run into debt difficulties.

There was, however, some brighter news yesterday as Malaysia recorded a trade surplus of M\$238.2m in May, against a deficit of M\$253.9m in April and a M\$1.34bn deficit in May 1995.

The share price of Tenaga

Nasional, Malaysia's semi-privatised electricity utility, fell sharply yesterday after a near nationwide blackout at the weekend. Tenaga's shares, which account for nearly 10 per cent of the Malaysian stock market's capitalisation, closed down 4.41 per cent at M29.75.

The blackout was an embarrassment for the Malaysian government, which last week launched a "Super-Corridor" designed to attract technology investment. The exact cause of the blackout has not yet been

#### THE LEX COLUMN

## Sedentary Swiss

UBS has had a cracking first half. Buoyed by rising financial markets, profits shot ahead by a third to SFr1.1bn (\$0.91bn). Yet the Swiss bank's return on equity remains stuck at a dismal 9 per cent. That compares with 23 per cent at HSBC, which also reported yesterday, and 30 per cent at Lloyds TSB.

One reason for the discrepancy is the poor state of the Swiss banking market. A 76 per cent increase in loan loss provisions recognises that bad debts have started spilling over from the property sector to the rest of industry. With the Swiss econ-omy expected to remain weak, provisions will continue to climb. But UBS's rivals are tackling this problem with more vigour. Swiss Bank Corporation has reduced its domestic exposure by buying foreign investment banks such as SG Warburg. CS Holding last month renewed the attack on its Swiss cost base by announcing the merger of its Credit Suisse and Volksbank

retail networks.

UBS's cautions approach puts it in danger of falling behind on both counts. Its cost-cutting at home has been too gentle so far. CS will command a greater market share in Switzerland with 30 per cent fewer branches following its reorganisa-

Overseas, UBS appears committed to organic expansion. That should prevent expensive mistakes, but the returns will be slow to come through. With such a conservative strategy, UBS certainly does not need all its capital Handing some back to shareholders would boost their returns and its own.

#### BA/USAir

Poor old British Airways. Nobody is terribly interested in the company's first quarter results; all they want to know about is the apparent collapse of BA's relationship with USAir. But BA investors need not fret too much about the debacle. For a start, whatever USAir says, the strength of a BA-USAir-American Airlines partnership gives all three partners a powerful incentive to join up. By making a fuss. USAir may simply be hoping to gain some negotiating leverage to get into the BA-American alliance on better terms.

Equally, USAir may genuinely believe it can find a better alliance elsewhere. But even so, losing the USAir alliance would not do too much damage to BA. If it had to sell its stake, it would almost certainly Share price relative to the SMI inches

collect a profit on its written-down value. And although it would lose passengers coming from USAir flights - said to be worth \$100m a year - BA would probably not find it difficult to attract another US partner, besides American, if it

1982

All this makes the depressed per formance of BA's share price curious. Since the plan to ally with American was announced, it has underperformed the market; on the basis of this year's expected earnings it is trading at a 20 per cent discount. True, the shares had a good run before the American deal was announced. And regulators will doubtless demand some hefty conditions as the price of their agreement. But to price in next to no upside for the alliance looks unduly

#### **HSBC**

Yesterday's 4 per cent rise in HSBC's share price in response to a sparkling set of interim results was amply justified. Even stripping out fat one-off profits from asset sales, there was plenty of good news on the performance of the underlying

For a start, margins in Hong Kong rose, defying bearish expecta-tions. Meanwhile in the UK, the sharp fall in Midland Bank's cost-income ratio is distinctly welcome. No wonder the air is thick with the sound of analysts increasing their

The real question is whether they should upgrade their ratings as well. At a little under 10 times this year's expected earnings, the shares are trading at only a marginal premium over, say, Barclays. Argu-

ably, such a premium is justified on the grounds of geographic spread alone, which should mean HSBC's carnings stream is of higher quality. But even if investors do not give it credit for that, the current multiple cicarly gives HSBC pro-cious little credit for its formidable presence in fast-growing Asia, True. HSBC's heavy dependence on Hong Kong justifies some risk premium. But so it should for Hang Seng Bank, in which HSBC has a 61 per cent stake; this does not prevent investors valuing it at 16 times this year's expected earnings. Such a sky-high rating for the whole of HSBC would be absurd. But consider that 55 per cent of HSBC's profits are generated in Asia, and the oddity of its current rating is

#### UK cable television

It is easy to see why UK cable companies have become such an unfashionable investment. Tele-West Communications yesterday revealed it was losing 36 per cent of its customers a year, while only one in five households within its network has signed up. Given that £1.7bn will be tied up in the system by the end of this year, this points to an alarmingly low return on capital. So it is unsurprising that its shares have fallen 21 per cent since their November 1994 flotation.

Nonctheless, the outlook is undoubtedly improving. A range of new services will start to emerge next year, at a time when more than two-thirds of the network will have been built. The portability of telephone numbers should encourage telecoms users. The launch of a nigh-speed Internet service will broaden the appeal of the network. Meanwhile, video-on-demand should enable cable operators to make substantial inroads into the video rentals market.

There is also considerable scope for reducing operating costs and boosting negotiating muscle with the big programme suppliers through consolidation.

A friendly merger between Nynex and Telewest is an obvious step. While this would offer few immediate gains for shareholders, industry consolidation must improve performance in the long term.

The problem is that it would be some time before these benefits showed through in profit figures. and so far investors in the cable industry have been taught to take little on trust.

## Chinese to purchase advanced military radars

Continued from Page 1

airborne early warning for its South China Sea. fighters and radar cover for its ships. However, it quickly made a decision after two US aircraft-carrier battle groups staged high-profile exercises in the Taiwan Strait during the recent Taiwanese presi-

The improved radar cover will give China improved craft. warning of any impending attack, but it will also allow it

As well as improving its radar capabilities, China is looking to update its Russian designed MiG 21 jets, dating from the 1960s, with new Russian Su 27 "Flanker" fighters. China has long-term plans to buy 72 Flankers, which rival the best western combat air-

Racal's Searchwater radar is horizon. The radar will be of si used by the Royal Air Force in manufactured at Racal race.

to deploy naval task groups its Nimrod maritime patrol more aggressively in the aircraft, which hunt hostile submarines. The latest generation of the radar, Searchwater 2000, was also selected for the

**FT WEATHER GUIDE** 

RAF's £1.8bn (\$2.8bn) replacement maritime patrol aircraft which was ordered last month. Searchwater is also used on Royal Navy Sea King helicopters, where they are used to give task groups a view of potential threats over the

Thorn's factory at Crawley in Sussex, in a contract thought to be worth £40m.

The increased capacity of the Chinese military is likely to be used by other south-east Asian countries to press the US to supply them with sophisticated weapons such as advanced medium-range air-to-air missiles. The US has so far refused to allow such weapons into the area for fear of starting a regional arms

#### Recommended Offer

**Baring Brothers International Limited** on behalf of

Whithread PLC for

The Pelican Group PLC

Baring Brothers International Limited announces on behalf of Whithread FLC that, by means of a formal offer document dated and despatched 5th August, 1996, Barings has made a recommended offer on behalf of Whithread to acquire the woole of the issued and to be issued share capital of The Pelican Group FLC. Terms defined in the Offer Document have the same meanings in this advertisement.

The Offer is on the following basis:

for each Polican Store

17
The Offer values the fully diluted stare capital of Polican at approximately £133 million. Pelican Shareholders (other than certain overseas shareholders) who accept the Offer may elect to receive Loan Notes to be issued by Whithread in lieu of all or part of the cash consideration to which they would otherwise be emitted under the Offer, on the following basis:

omerwise be entitled under the Offer, on the following basis:

for every £1 of cash consideration

£1 nominal in Loan Notes.

Fractional entitlements to Loan Notes will be disregarded. The Loan Notes will be transferable, but no application is intended to be made for the Loan Notes to be listed or dealt in on any stock exchange. The Loan Notes will not be secured or guaranteed.

In addition, accepting Shareholders on the register of Pelican on 16th July, 1996, will be entitled to retain the proposed final dividend of 1.35p (net) per Pelican Share for the year ended 51st March, 1996 to be paid on 5th September, 1996.

5th September, 1996.

The full terms and conditions of the Offer and the Loan Note Alternative are set out in the Offer Document and the Form of Acceptance. Accepting Pelican Shareholders may rely only upon the Offer Document and Form of Acceptance for all the terms and conditions of the Offer.

The Offer is, by means of this advertisement, extended to all persons to whose the Offer Document may not be despatched, who hold, or who are entitled to have allotted or issued to them, Pelican Shares. Copies of the Offer Document and Form of Acceptance are available for collection during normal business hours from Lloyds Bank Registrars, Antholin House, 71 Queen Street, London ECAN 181.

Lloyds Bank Registrars, Antholin House, 71 Quoen Street, London EC4N 1St.

Acceptances of the Offer should be received by no later than 3.09 p.m. on Tuesday, 27th August, 1996 (or such later thane(s) and/or date(s) as Whithread may, subject to the rules of the Code, decide).

The Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia or Japan or to any North American Person or resident of Australia or Japan by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facility of a national state or other securities exchange of, the United States, Canada, Australia or Japan. This includes, but is not limited to, facsimile transmission, telest and telephone.

Instrumentality of intensize or foreign commerce of, or of any facility of a national state or other securities exchange of, the United States, Camada, Anstralia or Japan. This includes, but is not limited to, facsimale transmission, telex and telephone.

Accordingly, copies of the Offer document, the Form of Acceptance, and any related offer documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States, Canada, Australia or Japan including to Pellism Shareholders or participants in the Pellism Share Option Scheme with registered addresses in the United States, Canada, Australia or Japan or to persons whom Whitbread knows, or has reason to believe, to be custodians, trustees or nomines holding Pellism. Shares for possons with addresses in the United States, Canada, Australia or Japan. Persons receiving such documents (including, without limitation, custodians, nominess and trustees) must not distribute, mail or send them in, into or from the United States, Canada, Australia or Japan or to any North: American Person or resident of Australia or Japan, or use the United States, Canada, Australia or Japan or to any North: American Person or resident of Australia or Japan, or use the United States, Canada, Australia or Japan or to say such means, instrumentality or facility for any purpose, directly or indirectly, in consection with the Offer, and so doing will invalidate any related purported acceptance of the Offer. Persons withing to accept the Offer must not use the United States, Canada, Australia or Japansee mails or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of the Offer. Envelopes containing Forms of Acceptance in respect of the Offer of the theorem of Acceptance in respect of the Offer of for the return of Forms for the receipt of the consideration to which they are entitled under the Offer of for the theorem of Japans for the receipt of the Consideration of the United States, the relevant

This advertisement is issued on behalf of Whitbread by Barings, which is regulated by The Securities and Futures Authority Limited

Finnes Abutority Limited.

Barings is acting for Whithread in connection with the Offer and no one else and will not be responsible to anyone other than Whithread for providing the protections afforded to Barings' customers of for giving vice in relation to the Offer.

advice in relation to the cure.

The directors of Whithread accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having raken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit snything likely to affect the import of such information.

#### Europe today

Scotland and England will have some thunderstorms. Northern and sunny spells.

In Scandinavia, it is expected to be sunny and dry. Temperatures will be Western Europe will have scattered

thunderstorms — particularly in northern Spain, Portugal, France, the Alps, south-west Germany and later in the Benelux. Poland and north-east Germany will remain dry with temperatures reaching 25C. Rain and

thunderstorms are expected over Selarus, Ukraine and Russia. The Mediterranean will continue to be

Five-day forecast

The UK will remain unsettled. Rain and thunderstorms will continue on Wednesday over western Europe.

showers will move towards central and eastern Europe. The Mediterranean will remain sunny

During the second half of the week,

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